

CURRENT *History*

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NOVEMBER, 1966

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"Unless revolutionary elements in Latin America become convinced that the United States will accept radical reforms, they will remain prone to an extremely anti-Yankee orientation." The introductory article in this issue analyzes United States policy; seven subsequent studies evaluate the stability of the nations of Latin America.

U. S. Policy in Latin America

By RONALD M. SCHNEIDER

Associate Professor of Government, Columbia University

AT PUNTA DEL ESTE in August, 1961, the United States and 19 Latin American countries subscribed to an "Alliance for Progress" proposed a few months earlier by newly-inaugurated President John F. Kennedy.¹ At that time, 14 of the Latin American signatories represented

¹ Much of the material in this article is drawn from the author's *Latin American Panorama* (Foreign Policy Association Headline Series No. 178, August, 1966. Copyright, 1966, by the Foreign Policy Association. For a brief discussion of the state of U.S.-Latin American relations to the end of 1964, see this author's "The U.S. in Latin America" in *Current History*, No. 281 (January, 1965), pp. 1-9. Also see, *An Atlas of Latin American Affairs* by the author, with Robert C. Kingsbury (New York: Praeger, 1965).

² Chile, Colombia, Costa Rica, Mexico, Panama, Uruguay and Venezuela were the only countries to qualify. Haiti, Nicaragua and Paraguay were stable in a non-democratic sense, while Argentina, Brazil, the Dominican Republic and Ecuador experienced two or more irregular changes of regime during this five-year period, and Bolivia, El Salvador, Guatemala, Honduras, and Peru one each.

³ See, for example, Frank Brandenburg in "Ten Issues in the Latin American Policy of the United States," an internal working paper of the Center for Strategic Studies (Georgetown University, 1966). Some of these factors are dealt with, although more in a preliminary than definitive manner, in Joseph W. Reidy's *Strategy for the Americas* (New York: McGraw-Hill, 1966).

elected constitutional governments and just five were spokesmen for regimes of questionable legitimacy. On the fifth anniversary of this historic undertaking, the presidents of only a dozen Latin American republics had been chosen in relatively free and competitive elections, while over half the region's population of some 240 millions were living under regimes which had come to power through coups, revolutions or rigged elections. During that relatively short span of time, only seven countries had managed to avoid prolonged periods of dictatorship or military rule, and at times the situation had been critical in several of these nations.²

With representative democracy in disrepair, with the Castro regime in Cuba still furnishing the communist countries a foothold in the western hemisphere, and with socio-economic conditions not greatly ameliorated by more than five years of heavy and sustained foreign assistance, Latin America appears to many observers to continue in a prerevolutionary situation. Under these circumstances, there is considerable justification for questioning the effectiveness of United States policy in Latin America.³

Diagnoses and prescriptions for the "crisis" vary widely. Some experts decry the acute instability while others argue that excessive stability is at the root of the trouble and that traditional institutions and attitudes have actually been strengthened by developments of the last few years—including the Alliance for Progress.⁴ Certain facts support this interpretation, but other evidence indicates that conservative groups have been put on the defensive, as objectives and ideas until recently viewed as the exclusive property of the radical left have become more widely accepted and respectable. Concurrently, the claim is made in various quarters that fundamental United States national interests conflict with the legitimate aspirations of the Latin Americans, and that these interests undercut efforts to find a democratic road to development and social justice. Confusion is compounded by the fact that all these interpretations are true, at least partially and in some places. For any serious effort to grasp the reality of present-day Latin America soon encounters the deep ambivalences and frustrating ambiguities involving unity versus diversity, continuity versus change, and evolution versus revolution. Of primary importance is the fact that millions of Latin Americans must live and struggle to progress in the midst of these perplexing contradictions with which United States policy-makers and diplomats must also come to terms.

GOALS AND PRIORITIES

The objectives of United States policy in Latin America include the security of the United States and the protection of its economic interests. In the past, the United States also aimed to foster democracy in the area on the basis of a moral conviction that

this was an unquestioned good; more recently the United States has assumed that true security can be found only in a hemispheric community of reasonably democratic national societies. Similarly, the economic development of the region has become a United States policy largely to achieve stability. More specific goals, such as a viable inter-American system, greater economic integration, and an improved public image of the United States are instrumental toward its primary objectives.

United States policy frequently appears ambivalent and inconsistent, because these several goals are not entirely compatible. Moreover, priorities have varied. Thus, although the Alliance for Progress calls for fundamental changes in institutions and attitudes, operational emphasis is more frequently placed on shoring up the existing system in the illusive quest for stability. In Washington, today's apparent imperatives generally take precedence over contingent and less concrete long-range needs. At the same time, however, United States policy regularly exhorts Latin American decision-makers to ignore pressures for "premature" redistribution of the economic product in favor of its employment in a manner more likely to generate greater growth. The largely unresolved question of the relationship of political stability to economic development (and both to the growth of democracy) is complicated at this juncture by the unfortunate fact that many countries of Latin America have reached the point where "easy" development—as a result of increased exports of primary products and import substitution—is nearing the end of the road. In such countries, further growth is increasingly entangled with the expansion of internal markets, a move that depends heavily on effective integration into the modern economy of urban lower classes and the vast rural populations.

Although much of Latin America's instability is often attributed to Hispanic character traits, some students of Latin American politics now view limited violence as normal to the system and even necessary to its functioning.⁵ Given the advantages accruing to

⁴ Nine relevant and very informative articles on contemporary political problems and processes can be found in *Political Development in Latin America* (*Journal of International Affairs*, Vol. XX, No. 2, August, 1966). A generally pessimistic view of present-day Latin American reality is provided by the highly qualified contributors to Claudio Veliz (ed.) *Obstacles to Change in Latin America* (New York: Oxford University Press, 1965).

⁵ See, for example, the recent writings of Merle Kling, Kenneth Johnson, Charles Anderson and James Payne.

those who control the government, emerging groups cannot expect to gain power through "normal, democratic" means, that is, through the organization of majority support. The history of APRA in Peru—the electoral choice of the majority for three decades without ever being allowed to control the machinery of government in its own right—makes this clear.

The processes of modernization, development and national integration have produced serious strains on immature political systems. The postwar period has witnessed a revolution in the aspirations of large elements of Latin America's population. Although many enjoy new material and social advantages, the widening gap between what they have managed to obtain and the much higher level of living they crave may produce a climate of frustration and alienation. Only a handful of countries have experienced real revolutions which have toppled the old elites and elevated new groups to power. Almost everywhere, however, new groups have been brought into the political arena, intensifying the competition for effective power and for the benefits of government policy.

The implicit belief that the growth of the middle sectors of Latin American society would lead to greater stability and democracy has not been borne out in recent years. Much less independent than their counterparts in North America or West Europe, the Latin American middle classes have not developed a coherent political position. Professionals and self-employed tradesmen frequently turn to the economic and social elite for political values and direction, while white collar employees may identify more closely with urban labor. The ambivalent political role of the middle class stems not only from this heterogeneity, but also from its desire to have both progress and stability while at

the same time holding open the opportunity to climb to elite status. To accomplish this, middle class elements frequently seek to act as brokers between the dominant forces of the past and the future: the existing elite and the emerging masses. Lacking the connections and the traditional power capabilities of the oligarchy on the one hand, and the numerical strength and pressure potential of the workers and peasantry on the other, middle class groups often turn to their military brethren when a crisis looms.⁶

THE PROBLEM OF MILITARISM

Under these conditions, to single out the dominant role of the military in Latin America as the primary obstacle to the development of political democracy may lead to a confusion of cause and symptom. Too frequently, the military have interfered in government to further their own ambitions and institutional interests. Yet in many other cases, the failure of civilian democratic governments brought about military intervention. Established elites have often sought the help of the armed forces in curbing leftist experiments, and emerging classes have also sought military allies to topple the old order.

Relations with the military is an important factor of United States policy in Latin America. Representatives of both the Department of Defense and the Central Intelligence Agency have tended to diverge from overall policy when this involves working closely with "leftist" governments. As a result, the United States has appeared to have two faces: that of the State Department, which conforms to the democratic goals of the Alliance for Progress, and that of the operational Pentagon and C.I.A. which both consort with retrograde forces and are widely suspected of engineering golpes. Thus, no matter how progressive public United States policy declarations may be, many Latin Americans believe that in any showdown United States objectives remain as before—the encouragement of stability and the support of anti-Communists against "leftists."⁷

United States policy-makers must be vitally concerned with the probable role of the mili-

⁶ These aspects of the problem have been articulated by José Nun, an Argentine political scientist now teaching at the University of California.

⁷ Interest along these lines runs extremely high, with translations of books stressing the power of the military establishment in the United States and exposing the activities of the C.I.A. ranking up on the best-seller lists in most American capitals.

tary in Latin America in coming years. The emergence of strong political parties, the growth of technical, professional and business groups, the increased politicization and organization of the masses, and the rise of trade unions may gradually reduce the military's present political influence in political affairs.⁸ The only "cure" for militarism in Latin America would seem to be the development of viable national societies capable of accommodating divergent interests in a peaceful and orderly way. Realistically, the development of such viable societies in many Latin American countries is still a long way off.

RESPONSE TO REVOLUTION

In the years ahead, basic socio-economic reforms and economic progress will at least partially satisfy demands of some emerging groups who might otherwise turn to violence; in these cases Christian Democratic or other progressive political movements may develop broadly based popular support. In some countries, however, resources and institutions are likely to prove inadequate to accommodate the growing forces of change. In such cases, instead of a gradual restructuring of society, continued stagnation may play handmaiden to revolutionary explosion. Recent events show clearly that neither the United States nor the inter-American system has yet developed a capacity for dealing effectively with this type of situation.

The advent of the Castro regime in Cuba brought into question the reliability of the United States' acceptance of nonintervention when its vital security interests appear to be in jeopardy. Fidel Castro's commitment to communism, his alliance with the Soviet Union, and his support of national liberation movements throughout Latin America posed the difficult problem of reconciling the principles of the inter-American system—particu-

larly its emphasis on nonintervention—with the challenge to hemispheric security represented by indirect communist aggression. Given the difficulty of drawing a clear line between internal communist subversion and its inspiration and support from abroad, the United States felt that some mechanism for collective intervention must be developed; otherwise, the inter-American system might prove inadequate, or even irrelevant, for the challenge of the cold war in the Americas.

Progress in this sphere was blocked by the unwillingness of a number of Latin American governments—and much of Latin American public opinion—to recognize that the Castro regime was militantly and aggressively communist and not just a nationalist revolutionary regime. But the Cuban arms build-up, which culminated in the missile crisis of October, 1962 brought much more substantial Latin American support for the United States position and in July, 1964, the O.A.S.* foreign ministers called for mandatory diplomatic and economic sanctions against Cuba. Only Mexico, rigidly wed to a strict interpretation of nonintervention (for historical reasons related to its own revolutionary experience), refused to sever formal relations with Cuba.

THE DOMINICAN INTERVENTION

United States intervention in the revolt-racked Dominican Republic in April, 1965, created a new crisis in inter-American relations. In most of Latin America, particularly among the elements of the "democratic left"—upon which the political success of the Alliance for Progress rested so heavily—reaction was hostile. Both Peru's dynamic reform President Fernando Belaúnde Terry and Chile's progressive Christian Democrat, President Eduardo Frei, who had emerged as the leading new figures on the Latin American scene, severely criticized this action as threatening to undo the gains of the past 30 years in hemispheric affairs.

Although the O.A.S. strove, under heavy United States diplomatic pressure, to put the best possible face on the Dominican affair, and barely approved the establishment of an inter-American peace force, this *ex post facto*

⁸ See the writings of John J. Johnson of Stanford University. A more critical view of the role of United States policy can be found in the various publications of Edwin Lieuwen of the University of New Mexico, while Lyle McAllister of the University of Florida has attempted a synthesis of traditional and revisionist viewpoints in this field.

* Editor's note: The O.A.S. is the Organization of American States.

course of action was approved with great reluctance as a means of insuring that some presence other than that of the United States should have a role in restoring peace and working toward the establishment of a viable constitutional regime. Latin American opinion generally was not convinced by United States claims that the "constitutional" movement headed by Colonel Francisco Caamaño Deno was either under communist domination or had lost control of the movement to Castroite extremists. In fact, the Lyndon Johnson administration's decision to intervene appears to have been determined less by the strength of the fragmented Dominican communists than by the weakness of the country's democratic institutions and of the non-communist left. Although there was always a possibility that the communists might eventually have won in a protracted behind-the-scenes struggle.

SUBVERSION AND COUNTERINSURGENCY

Although the threat of successful communist subversion is currently more latent than immediate, the socio-political situation in a number of Latin American countries is so precarious that any significant deterioration could tip the balance in favor of radical revolutionaries. Even where there are only limited prospects that radical extremists may gain power through violence, their tactics contribute to the disruption of democratic reform efforts, retard development through creation of a climate of insecurity which deters foreign investment and stimulates capital flight, and provoke right-wing seizures of power. By 1962, the example of Cuba and the activities of extremists groups with at least limited internal warfare capabilities led to a fundamental review of policy in this country and in Latin America on the part of those concerned with hemispheric security. Whereas the mission of the United States armed forces had formerly been viewed primarily in terms of national security and hemisphere defense, Latin America's internal security needs have come to take priority. The rationale of United States military assistance programs has changed drastically to fit new

circumstances, as "counterinsurgency" planning has received major emphasis.

The particular nature and dimensions of the domestic subversive problem in each country of Latin America vary with such factors as the effectiveness of the military and police, topography, interregional tensions, and the degree of national integration. Yet with respect to the most basic susceptibilities, Latin American countries can be divided into three groups. The least vulnerable are those which have achieved a relatively high degree of political stability, have established responsible representative governments, and are making substantial economic and social progress. Mexico, Chile, Uruguay and Costa Rica fall into this first category.

Countries presently under civilian democratic regimes which show promise of developing stable, representative systems, but which have a recent history of dictatorship and a tradition of political violence, are more likely to face sustained insurgency problems. At the same time, they are relatively well equipped to deal with such a threat. Venezuela, Colombia and, to a lesser extent, Peru exemplify this group of countries. Their susceptibility to subversion stems in large part from the fact that change is already well under way, but democratic institutions and practices have not yet become firmly rooted.

Most seriously threatened in the long run are those countries with more authoritarian and less responsive governments. These may be under direct military control, or under regimes which are nominally civilian, but rest upon military support. In either case, lacking an accepted basis of legitimacy, substantial force is needed to sustain the regime. While stability may be maintained and rebels dealt with firmly, this situation generally provides no permanent solution. Indeed, it involves perpetuation of an undemocratic and fundamentally unjust system through interruption of the development of representative processes. The Dominican Republic is an obvious case in point. Among the countries in this group, insurgency is most active in Guatemala; but Bolivia, Honduras, Nicaragua, Haiti, Paraguay and Ecuador are po-

tentially as vulnerable. Panama constitutes a unique case because of the heavy United States military presence in the Canal Zone, and the Dominican Republic has already experienced external military control. Argentina and Brazil, given their greater size and complexity, partake of important elements of each of these categories.

In some countries, like Venezuela and Guatemala, armed revolutionary activity has been serious and protracted.⁹ In many of the other countries which have so far been unaffected by revolutionary warfare, the broad masses of workers and peasants have not yet become active, but this situation is changing rapidly under the impact of intensive agitational efforts and the revolution in communications fostered by the availability of cheap transistor radios. The inability of these societies to accommodate emerging pressures for thorough-going change enhances the probability that critical situations analogous to that of the Dominican Republic in April, 1965, will arise. Indeed, realization that this is so explains in part the reluctance of some of these nations to support the establishment of a permanent inter-American peace force—for they fear that in the future it might be used to intervene in their own revolutionary affairs.

THE INTER-AMERICAN SYSTEM

During the past year, the United States has encountered increasing difficulty in achieving its ends within the inter-American system. At a special hemispheric conference of foreign ministers in Rio de Janeiro in November, 1965, the United States agreed to extend the Alliance past 1971, its original date of termination. The United States also subscribed to an economic and social act designed to commit it to extend foreign trade and other economic concessions to its Latin American neighbors. These concessions averted the possibility of a diplomatic drub-

bing for the United States over its interference with the Dominican peoples' efforts to undo the 1963 counterrevolutionary coup. But opposition to creation of a permanent inter-American peace force ran so strong that the United States refrained from making a formal proposal. Subsequent developments underscored the fact that for many Latin Americans reform of the inter-American system means reduction of the preponderant United States influence.

In March, 1966, considerable ill-feeling was engendered when the United States refused to accept a draft of O.A.S. charter amendments that would have spelled out in considerable detail the nature of United States trade and aid obligations. Continued patient negotiations have made some headway, but significant differences remain. The trend toward division into blocs became increasingly clear with the August, 1966, consultation in Bogotá among the constitutionally elected presidents of Venezuela, Colombia and Chile, and representatives of the civilian chief executives of Peru and Ecuador.

However, on the other hand, Brazil's president-elect, Marshal Artur da Costa e Silva, is known to hold views on hemispheric matters similar to those of Argentine strongman Juan Carlos Onganía (with Paraguay's Alfredo Stroessner and possibly Bolivia's René Barrientos Ortuño following along this "hard line" approach). Brazil's army-dominated government wholeheartedly joined with the United States in the Dominican emergency and supported the Argentine proposal for a standing inter-American military force roughly equivalent to the NATO arrangement, a proposal which is anathema to most of the region's democratic regimes.

MILITARY ASSISTANCE VS. POLITICAL DEVELOPMENT

Neither the "liberal" goal of undermining or limiting the Latin American military nor the excessively complacent "pragmatic" approach, dominant in United States actions since 1963, provides a fully adequate basis for future policy. In Latin America, the role of the armed forces will of necessity vary

⁹ The peculiarly chronic problem of *La Violencia* in Colombia is discussed by John M. Hunter on pages 276 ff. of this issue; Venezuela is discussed by Philip B. Taylor, Jr. on pages 284 ff. of this issue; Guatemala will be discussed in the December issue of *Current History*.

with each country's level of political development and the nature of its problems.

It is clearly in the long-run interest of the United States to seek to dissuade Latin American governments from military expenditures which divert limited resources from socially desirable purposes and result in the perpetuation of anti-democratic regimes. Experience has shown, however, the limitations on the ability of the United States to effect major changes in the size, capabilities and orientation of the Latin American military.

THE PROBLEM OF BALANCE

The effort to establish an appropriate balance between the requirements of the not easily reconcilable objectives of security and democracy in Latin America will continue to perplex United States diplomacy. Where viable representative political institutions are beginning to evolve, a high priority in United States policy should be given to persuading the military not to interfere. When they do seize power, the United States should work steadily in almost every case to urge military regimes to concentrate on establishing representative, constitutional government. Sadly, the Alliance for Progress has not yet proven to be a very significant instrument in this field, in large part because it has failed to generate a political mystique. The sense of mass identification, so necessary to the success of a program designed in part to promote a peaceful political revolution, is still lacking. Thus, despite the real economic gains resulting from the Alliance, it is probably true that as the program reached the half-way point of its first decade, a very large proportion of Latin America's increasingly restless masses were highly skeptical of the ability of democratic institutions to carry out a peaceful revolution.

This problem is particularly grave with respect to the present student generation, who will play a crucial role in the restructuring of national societies. The harsh reality is that student attitudes, or at least the positions assumed by the politically active minority, are frequently hostile to United States poli-

cies and programs. Efforts to alter this situation have not been very successful.

Generational cleavages are often important in Latin America, and close ties to those now in power are often a disadvantage in attempting to establish rapport with the rising generation. While improved communication is important, the essential improvement in the image of the United States held by Latin American youth can only result from modifications of this country's basic policy orientation and actions in the international arena.

If our position is to remain viable over the long run, the United States cannot continue to react negatively each time a popular revolution breaks out in one of the less developed Latin American states. The Alliance for Progress requires—and we have helped set in motion—a fundamental transformation of society. Since this cannot come about through orderly and evolutionary means in all cases, there will be some violent struggles between defenders of the established order and exponents of sweeping change in Latin America. Some of these movements may well veer away from an orthodox Western democratic path, yet they must be accepted unless they prove a clear threat to the peace and security of the hemisphere. Unless revolutionary elements in Latin America become convinced that the United States will accept radical reforms they will remain prone to an extremely anti-Yankee orientation.

Ronald M. Schneider is presently on research leave in Brazil, making this his seventh trip to Latin America in the past decade. He served as a Latin American specialist in the Department of State's Bureau of Intelligence and Research from 1957 to 1963. From 1960 to 1963, he was also lecturer and visiting professor at the Catholic University of America. Mr. Schneider is the author of *Communism in Guatemala 1944-1954* (New York: Praeger, 1959), *An Atlas of Latin American Affairs* (New York: Praeger, 1965) and of the forthcoming *The Political System of Brazil* (also to be published by Praeger).

This observer finds that to achieve meaningful and lasting stability in Ecuador "requires social, economic and political modernization. . . . The various social classes and regional groups," he continues, "will have to be integrated by breaking down the various barriers that promote separatism. . . . In sum, Ecuador must become one nation."

Ecuador: A Present-day Portrait

By JAMES D. COCHRANE

Assistant Professor of Political Science, Tulane University

ECUADOR PRESENTS A PICTURE of social, economic and political contrasts and contradictions. Considerable economic progress characterizes the past decade or two. Nonetheless the overwhelming majority of Ecuadorians live in a depressed state, largely untouched by the aspirations commonly referred to as "the revolution in rising expectations."

Instability, military rule, dictatorship, personalism and "revolutions" have long been dominant features of the Ecuadorian political process, although from time to time the country has had democratic government and recent events indicate that there is considerable popular sentiment (on the part of the politically active) for civilian, constitutional government. However, the political system gives little evidence of being able to sustain a democratic process. In recent years the major political parties have been in decline. Political and social integration is lacking. A rigid class system prevails and the population is further divided along geographical and rural-urban lines. A small elite is dominant and the military is an active force in politics.

Contemporary Ecuadorian politics date

from 1944.¹ Prior to that the country's political history was a matter of more or less typical nineteenth century *caudillos* (one of them a religious fanatic), coups, instability and a succession of constitutions, with the country governed by and for the oligarchy.

A revolt in 1944 installed José María Velasco Ibarra in the presidency. His public statements had a left-of-center and reformist sound, holding the promise of social and economic change. But Velasco's postelection performance was largely that of inaction. The revolt, however, was not meaningless. After it, some changes began to occur in Ecuadorian politics and economics. Further, the revolt dealt a body-blow to the long dominant Radical-Liberal Party—one of the two major political parties—from which it has not yet fully recovered. Unstable, shifting ad hoc and third parties stepped in to fill the void left by the weakened Radical-Liberals. (The other major party, the Conservative, suffered severe set backs at the end of the nineteenth century. It had not recovered by 1944, nor has it completely still.) Had the hold of the two major parties not been broken, it seems doubtful that the post-1944 political and economic changes would have begun when they did, if at all.

The 1948 election once again demonstrated the strength of these parties.* Galo Plaza Lasso, the Radical-Liberal candidate, was elected president. A political moderate, Galo Plaza's presidency stands as a high point in

¹ For a brief political history of Ecuador, see: George I. Blanksten, *Ecuador: Constitutions and Caudillos* (Berkeley: The University of California Press, 1951), and George I. Blanksten, "Ecuador: The Politics of Instability," in Martin C. Needler (ed.), *Political Systems of Latin America* (Princeton: Van Nostrand, 1964), pp. 269–288.

* Editor's note: Velasco was deposed in August, 1947.

Ecuadorian history. His administration was stable and democratic. During it an economic development program was initiated with United States government assistance. In addition, educational and health programs were undertaken. As evidence of Plaza's success in promoting constitutionalism, no coups occurred during his presidency and he served out his full term (to 1952)—the first Ecuadorian president to do so since 1924. The Plaza administration left an indelible imprint on Ecuador. His program of economic development was expanded. The constitutionalism he established continued without interruption until 1961, with two succeeding presidents—Velasco and Camilo Ponce Enríquez—serving full terms. Although the stable, democratic, constitutional government he worked to establish has since been interrupted, it remains a goal and violations of the constitution tend to cause political strife—a phenomenon that was not true prior to 1948.

CONSTITUTIONAL BREAKDOWN

The beginning of the end of constitutional politics came with the reelection of Velasco Ibarra in 1960. Velasco followed an erratic course: a leftist one minute, a rightist the next, but always a demagogue with fine oratorical qualities. He was unable or unwilling to cope with the country's various economic problems. He failed to fulfill his numerous and ambitious campaign promises. Political unrest, rioting and a congressional denunciation of the president followed Velasco's introduction of new taxes. In late 1961, he was ousted by the military and, after some infighting among the services, Vice-President Carlos Julio Arosemena was installed as president.

Initially Arosemena was able to gain support from diverse sources. To the pleasure of leftists he refused to break relations with Castro's Cuba, and to the pleasure of conservatives he did not introduce tax reforms.

However, his efforts toward a policy of moderation failed and he was forced to change both policies, with a resulting decline in his popular and political support, which had not been great at the start. On July 11, 1963, the military sent Arosemena into exile and replaced him with a military junta.²

At the time many observers attributed Arosemena's ouster to his overindulgence. (The ouster came a day after an intoxicated Arosemena delivered a speech containing a series of anti-United States remarks in the presence of the United States ambassador and of the Grace Lines president. Further, Arosemena was reportedly intoxicated when he greeted the then Chilean president, Arturo Alessandri, at Quito airport in late 1962 and when he called on President Kennedy at the White House in the summer of 1962.) But the military indicated that overindulgence was not the reason. Rather, the military alleged that Arosemena was "soft on communism," citing as evidence his trip to Moscow, his refusal until forced by the military to break relations with Cuba, his toleration of Communist infiltration into the government and his lack of attention to the existence and activities of Castroite bands in northern Ecuador. To this charge, the military added another: ineffective government. The "soft on communism" charge was more exaggeration than truth and the second charge, while by no means wholly untrue, is not sufficient to explain the coup.

Actually the coup was not so much an action against Arosemena as it was an action against Velasco Ibarra. The military had ousted Velasco in 1961 and on previous occasions, but from his exile in Argentina he was conducting a campaign for reelection in 1964. All indications were that he would be successful. The "perennial president," although a poor governor, was a skilled campaigner who usually won. In the first half of 1963 the military leaders resolved to prevent another Velasco Ibarra administration by ousting Arosemena, canceling the 1964 presidential elections and by assuming the reins of government themselves.

Public opinion (the opinion of the small

² The 1963 coup is described in: Edwin Lieuwen, *Generals vs. Presidents* (New York: Praeger, 1964), specially pp. 45-63, and Martin C. Needler, *Anatomy of a Coup d'Etat: Ecuador 1963* (Washington: Institute for the Comparative Study of Political Systems, 1964).

number of politically aware and articulate Ecuadorians) welcomed the military's action. The junta headed by Admiral Ramón Castro Jijón quickly indicated that it did not intend to restore civilian rule immediately—this was to come within two years—and that it did not propose to be a negative force or to act as a caretaker. It promised to make structural changes in society. The junta declared that it would revamp the machinery of government to make it more efficient, prepare a new constitution, and carry out a social reform program including agrarian and tax reforms. The civilian politicians, the junta charged, had failed to bring about such reforms and it was up to the military to do so.

The record of the junta does not match its promises. The tax reform program was primarily one of closing loopholes. The land reform program was at best mild and the junta's enthusiasm for it and determination to implement it appear to have been even milder. Little if anything was done to revamp the machinery of government; the promised civil service reform was blocked by the bureaucracy. Although much discussed, a new constitution was not drafted.

THE JUNTA RESIGNS

The junta's limited accomplishments can be attributed to two factors. One, the members of the junta lacked the skills and expertise necessary for implementing a reform program. Two, political and popular support for the junta quickly vanished. Politicians were eager for a return to civilian, constitutional government. Leftist-led students waged almost continuous riots against the government. Some of the junta's actions, however mild, were unpopular with politically influential groups. Imposition of certain new taxes incurred the wrath of commercial interests and alleged police brutality in dealing with the student riots, plus the long-present demand for an end to military rule, led to the resignation of the junta on March 29, 1966. The leaders of the armed forces called upon the civilian politicians to select a civilian interim president. They chose Clementé Yeroví Indaburo.

Several observations should be made about the replacement of the junta with a civilian. The military itself was divided on questions of policy; it seemed anxious to return the government to civilian hands and for some time had been seeking a way out. Certainly there was an "understanding." The military did not just "give up": the armed forces regarded Yeroví as "safe" before allowing him to assume office.

The ouster of the junta does not mean that Ecuador's military is a waning political force. The military has demonstrated its strength on several occasions in recent years. Moreover, if the military had been resolved to continue its rule and prepared to use all the force at its command to do so, it could have retained its hold. The experiences of the junta are not unique. Latin American militaries generally find it far easier to make or break governments than to govern, particularly if in governing the military wants to introduce far-reaching reforms. All available evidence indicates that Ecuador's armed forces have assumed the position of judge, determining which individuals and governmental policies are acceptable and deserving of support and which are not and apparently planning to make any needed countermoves.

Yeroví's is primarily a caretaker administration. The president has pledged himself to return to democratic, constitutional government. A constitutional assembly is to be elected early in the fall of 1966 and is scheduled to meet in November to draft a new constitution which is viewed as the first step toward reestablishing constitutional government in Ecuador. The assembly will have to decide whether to elect a president itself or schedule a presidential election and whether to convert itself into a legislative body or schedule elections for a legislative assembly. With regard to policy questions, Yeroví has focused on political matters and an austerity program to deal with some of the nation's economic problems, particularly inflation. Any attempt to restructure society apparently will have to await establishment of a constitutional government—a government that Yeroví might very well head.

THE PARTY SYSTEM

At present the political party system is plagued by problems. The two major parties are struggling to regain their once dominant position. The numerous ad hoc and third parties which are frequently little more than small groups of people and shifting coalitions continue. Large segments of the population are still unrepresented by any party. In short, Ecuador lacks a stable, well-developed, representative party system.

A number of interest groups exist. Among the most influential are: the Roman Catholic Church, the military, the government bureaucracy, and the large landowners. Student groups have shown their presence and strength since the coup of July, 1963. Professional and veteran's groups also have some political influence. Organized labor, which is concentrated in Quito and Guayaquil, is politically weak primarily because of the small number of organized workers. If industrial development continues, labor will almost certainly become more influential. The Church, it may be noted, has recently departed somewhat from its traditionally conservative orientation and now supports certain reforms, including land reform.

SOCIAL STRUCTURE AND THE ECONOMY

The social picture in Ecuador shows a rigid class structure and extremely deep cleavage which have considerable political and economic ramifications and which prevent national unification or integration.

A three class social structure prevails. The whites, about 15 per cent of the population, comprise the ruling oligarchy. They are the large landowners, the political and governmental leaders, and the bulk of the voters. The *cholos*, constituting at least 25 per cent of the population, are mestizo (Indian-white mixture). They are a middle group in society and are faced with the mix of aspirations, desires and frustrations that such a status can involve. Increasingly the *cholos* are becoming a political and economic force and some observers refer to them as "the

Ecuadorians of tomorrow." The Indians, comprising over half of the population, are the bottom group. They reside primarily in the rural areas, not a part of national life, living little different than did their ancestors during the Spanish colonial period.

Over 60 per cent of the population lives in rural Ecuador where tradition is strong and change slow. Indeed, rural life in Ecuador is backward and in many respects feudal. The *hacienda* is still the dominant economic unit. Distribution of agricultural land reveals much about rural Ecuador: 0.4 per cent of the landowners hold 45.1 per cent of the arable land while 73.1 per cent of the landholders (not necessarily landowners, for many are squatters) subsist on 7.2 per cent of the arable land.³

By contrast, the cities are modern. It is in the cities that change is occurring and it is in the cities that political, and most of the nation's economic, life is centered. Instead of narrowing the gulf between rural and urban life, economic development is widening it for the development effort is concentrated in the cities.

Intense regionalism makes Ecuador three countries rather than one: the Coast with one-third of the population, the Sierra with 60 per cent of the population, and the sparsely settled Oriente (Amazon jungle area in eastern Ecuador) which plays little part in Ecuadorian life. Bitterness, jealousies and conflicting interests separate the Coast and Sierra far more than do geographic differences.

The Ecuadorian political process—parties, groups and press—reflects the lack of national integration. No party represents the Indians who constitute the bulk of the population. For the most part, interest groups represent a particular interest in a particular region rather than a particular interest on a nationwide basis. The press which is urban-oriented and reflects the country's regionalism is directed to the small political elite and not to the nation as a whole.

Since the inauguration of Galo Plaza in 1948, Ecuador has pursued a fairly vigorous economic development program. The results are impressive.

³ *Hispanic American Report*, Vol. XVII, No. 7 (July, 1964), p. 639.

Industrial development has proceeded at a rapid rate. Some \$68 million has been invested in industry during the past five years. (Of that amount, no less than 45 per cent is from Ecuadorian sources.) Many new industries have been established, especially those in consumption goods. Transportation facilities have been improved. Industrial incentives are offered by the government which has established an industrial development center to attract and channel investment capital. Since 1961 nearly 40,000 new jobs have been created annually. The industrial sector is now valued at slightly over \$280 million and accounts for approximately 15 per cent of Ecuador's national income.⁴ A large portion of the nation's development has been financed by United States government assistance; international lending institutions have also played an important role. United States private investment is not so large as one might expect in view of the investment opportunities and Ecuador's reputation in the international financial community. Observers blame the absence of adequate promotional efforts by the Ecuadorian government for the small size of this United States private investment.

Agriculture has been somewhat diversified. To the traditional crops of coffee and cacao, bananas have been added. Much-needed health, sanitation, and educational programs are being carried out.

Improvement is only part of the economic picture. Serious economic problems remain. The country is overly dependent on its three primary agricultural products. Bananas account for 56 per cent of her exports; and bananas and coffee combined account for 75 per cent. Considerable economic diversification is needed. A substantial portion of the country's arable land is not under cultivation. A 1964 government study reported that nearly 48 per cent of the arable land in ten highland provinces was not being cultivated.⁵

⁴ *The Christian Science Monitor*, June 6, 1966, p. 12.

⁵ *Hispanic American Report*, Vol. XVII, No. 7 (July, 1964), p. 639.

⁶ For the United States reaction to the 1963 coup, see: Lieuwen, *op. cit.*, especially p. 118.

The huge *haciendas* are unproductive and their owners are not especially interested in increasing productivity.

Industrial development is concentrated in only a few areas. New employment opportunities are not being created rapidly enough to meet the demand for jobs. The nation's mineral deposits (petroleum, coal, copper, silver, gold and iron) are not being exploited in a rational manner. Transportation and communications facilities, despite improvements, are woefully inadequate. Illiteracy (between one-third and one-half of the population is illiterate) and inadequate educational facilities and opportunities work against economic improvement. Further, the economic improvement that has occurred has had an impact on only a very small segment of the population. The portion of the population most in need of economic improvement—the Indians—has been little affected by industrial and other development programs. They still live outside of the national economy. More correctly, they still "exist" rather than "live."

THE UNITED STATES AND ECUADOR

United States assistance, financial and technical, is a major factor in Ecuador's development program and the successes and responsible actions of the Ecuadorian government in promoting such development have ensured continued United States assistance. In the political realm, the United States has accepted the recent military coups. Indeed, Washington was not at all unhappy with the ouster of Arosemena, although it constituted a break in constitutional government, and some Washington officials went so far as to suggest that perhaps the ouster may have been a "good thing."⁶ Washington, however, did not regret the transfer of power from the junta to Yeroví and it looks forward to the reestablishment of constitutional government in Ecuador. The major strain in recent United States-Ecuadorian relations was Arosemena's refusal to break relations with Cuba. The strain was removed when the military forced Arosemena to make the break with Castro.

STABILITY IN ECUADOR

The term "political stability" can be given many different meanings. It may mean support or defense of the *status quo*, or what might be called the continuity of political tradition. It may mean the capacity to maintain order. It may mean an environment in which uncertainty has been removed or at least reduced and where fairly sound planning and prediction is possible. Other interpretations could also be given to the term.

With a return to civilian, constitutional government Ecuador *may* experience the kind of stability associated with continuity of political tradition. However, the growing influence of the *cholos* suggests that the prevailing political tradition cannot be maintained indefinitely. Further, industrialization and the appearance of organized labor have created new political forces and stimulated new aspirations and values that cannot be suppressed. The further industrialization sought by the Ecuadorian government will strengthen the new forces and aspirations. In short, stability associated with maintenance of the *status quo* is both unrealistic and impossible.

Meaningful and lasting stability—what might be termed "real" stability—in Ecuador requires social, economic and political modernization. To achieve modernization, Ecuador, which is still largely a traditional society, will have to undergo fundamental and dramatic change in politics, economics and social structure. Only some of the major changes may be cited here but they should be sufficient to suggest the nature of what is required. The various social classes and regional groups will have to be integrated by breaking down the various barriers that promote separatism. Also, an Ecuadorian-wide system of transportation and communications facilities must be developed. In sum, Ecuador must become *one* nation. The political monopoly of the small traditionally-oriented elite must be broken. The political system must function to recognize and meet the needs and aspirations of all segments of society. This will require not only changes in government but changes in interest groups,

political parties and the press. Policies rather than personalities must become the standard by which people make political judgements. The feudal *hacienda* system must be replaced by an agricultural system based on productivity and efficiency. Through various economic and social changes the entire population, at least the overwhelming majority of it, must be brought into the national economy. The impact of economic development must be spread so that not one but all parts of the country benefit from it. Educational opportunities must be made available to all in the society. Traditional behavior patterns must be replaced by new patterns of behavior. However, to date, few of these changes have taken place and few are likely to occur in the foreseeable future.

However, a kind of stability is possible and may be attained with the return to civilian, constitutional government. The stability that is possible is that associated with the capacity to maintain order. This kind of stability does not require a defense of the *status quo*. Indeed, it allows political, economic and social change, although it probably requires that such change be moderate in nature and pace. A number of positive factors in Ecuador suggest the possibility of a stability associated with the maintenance of order.

Two unanswered questions make meaningful prediction about Ecuadorian politics difficult. How will the politicians and political parties act when civilian, constitutional government is restored? How will the armed forces react? The answers to these questions hold the key to Ecuador's future.

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"Today in Uruguay," as this author points out in her analysis of the "Switzerland of Latin America," "there is a great awareness of a need for political change as a requisite for economic recovery. The experience of the last 15 years under the national council system has dramatically demonstrated that only a most prosperous nation can afford the luxury of a weak administrative branch of government."

Uruguay Today

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URUGUAY, LONG FAMED as the Switzerland of Latin America, a model of social and political democracy, has been beset by serious economic, political and social problems. This small nation, bordered by the two giants of South America—Argentina and Brazil—has, since 1955, undergone a series of reverses which have caused many foreign and national observers to fear for the future viability of the country. Although the predominately urban population of Uruguay has been able to maintain its fairly high standard of living and literacy, a sign of the economic stagnation being experienced in the country is that for the last decade the annual per capita gross national product of approximately \$600 has not risen and has, in fact, declined slightly during the last several years.¹

To understand the nature of the political and economic problems plaguing Uruguay one must understand the extent to which the country's history has been molded by one man, José Batlle y Ordoñez. Batlle, a liberal crusading newspaperman and senator, assumed the presidency of Uruguay in 1903. One of his first acts was to crush a civil war similar to other conflicts that had disturbed

the country throughout the nineteenth century. He then embarked on a program of reconstruction of Uruguay's political and economic structure. At the end of his first four-year term of office, Batlle voluntarily stepped down from the presidency, thereby exhibiting most amazing political conduct for his time. He spent the next four years closely observing the Swiss system of government and returned to Uruguay, and his second presidential term, with immense prestige as a fighter against corruption and waste, and a champion of the growing working classes. He also returned with a far-reaching plan of social, economic and political reform based on the Helvetic democracy which he had studied in Europe.

Among the earlier reforms instituted under Batlle's regime were full freedom of press and speech, effective and free suffrage, compulsory free primary education, free secondary education and university education for women. In the field of labor legislation, Batlle fought for the right of workers to organize freely and to strike, for the eight-hour day, minimum wages, old-age pensions, compensation for industrial accidents, and the regulation of working conditions. He also won protective tariffs for the newly-developing national industry. Batlle's support of a quasi-socialistic state led to the establishment of a state insurance bank, government monopoly of light

¹ The author wishes to express her gratitude to Professor Enrique V. Iglesias, ex-director of CIDE *Comision de Inversiones y Desarrollo Económico* and present director of the Institute of Economics, Faculty of Economics, National University of Uruguay, for his generous assistance with this article.

and power, a national bank, government control of sanitary works, water and railroads, state management of the port of Montevideo and state ownership of hotels. In all, there are now twenty autonomous public entities which have monopolies in fields as diverse as electricity, transportation, communication, refining of petroleum, cement and alcohol production, meat, dairy products, fishing, mortgage banking and social insurance.

In addition to establishing a welfare-oriented democratic state, Batlle worked to reduce the political influence of both the Church and the army. Complete separation of Church and State was enacted and, after its role in the abortive coup of 1904, the army was deprived of all political power. Batlle also worked for the complete abolition of the presidential office, for he saw this position of power as a stepping stone for the return of one-man dictatorship; after several experiments with the presidential system and a combined presidential-council system, a full council system was approved by national plebiscite and began to function in December, 1951. Under the council or *colegial* system of government, a nine-man national council has been Uruguay's sole executive body. This council, which is elected every four years, is composed of six members from the majority party and three from the minority party. The chairmanship of the council, a position which has no additional power over that of the other council members, is rotated annually among members of the majority segment.

POLITICAL PARTIES IN URUGUAY

Today in Uruguay, as during the last 100 years, the major political parties are the Blancos and the Colorados. At present there is no basic ideological difference between these two groups, but rather a difference of stress and appeal. The Blanco Party, which has been the majority party since the 1958 elections, has generally looked to the rural sectors of the population for its support, and therefore encourages a political stand which tends to be agrarian in its outlook. The Colorado Party, by contrast, appeals to urban interests and follows a more industrial-minded politi-

cal program. This Blanco-Colorado differentiation is not absolute and there are factions of the Blanco Party which are strongly identified with the city vote, as well as Colorado factions which tend toward the rural groups. The major difference between the "agrarian" and the "industrial" parties has been the strength of their support of state interference in the economy.

To speak of Uruguayan politics as divided into two major political parties is, although true, misleading, for both parties are notable for the large amount of factionalism within their ranks. Loosely joined under the wide banners of Blanco or Colorado are literally hundreds of small grass-root parties and candidates. According to the election law of 1924 the most-voted section of the most-voted party controls the accumulated votes of all sectors of that party, but in reality, in congress, on the executive council, and in local politics, party organization consists of multiple splinter groups which constantly drift in and out of coalition arrangements depending on how they can best satisfy the demands of their members. It is indeed in this political organization by local clubs that a major tie between the economic and political life of the country forms, for participation in local clubs serves as a major avenue for the electorate to influence government patronage in the granting of the numerous, lucrative jobs which departmental and national governments control. Political participation in local clubs is a guarantee against unemployment, which in Uruguay is an ever-present threat.

This grass-roots level political organization, as well as the national executive council itself, although ideal extensions of representative democracy, have failed to provide Uruguay with the political leadership so sorely needed in times of economic crisis. Indeed the political parties have usually exaggerated the economic difficulties by failing to take any constructive action and have instead added to the already swollen numbers of Uruguayans found on the government payrolls. More than 25 per cent of all workers in Uruguay are employed by some branch of

government or by one of the public entities.

The Uruguayan political system is one of incredible complexity. Annual rotation of the chairmanship of the national executive council tends to produce a complete change of government with each yearly change of the chairman, for the six members of the majority party, as well as the three members of the minority party, represent the strongest factions of their respective parties and are not united behind one definite party policy.

In addition, the lack of competent administrators at all levels of government, due in large part to the political nature of the majority of government appointments, serves to make the already unwieldy government machinery more unmanageable. Lack of discipline and cooperation is widespread throughout the government and its related public entities.

Socially, Uruguay is a middle-class nation. Its human resources are of an unusually high quality, and approximately 90 per cent of the population is literate. There is no unassimilated indigenous population and a majority of the 2.56 million Uruguayans trace their ancestry to European immigrants who have immigrated during the last one hundred years. The population is notable for its low birth rate and low population growth rate. Although the country is an agrarian one in terms of products which earn foreign exchange, 80 per cent of the population is found in the urban centers. The low birth rate and longer life expectancy have tended to produce an aged population, many of whose members are on some form of government welfare pension. It is estimated that the economically active population of Uruguay numbers only 1 million of its 2.56 million citizens. The strong predominance of the middle class has given a conservative tone to Uruguayan society; there is also a pessimistic tendency which has been exaggerated by recent economic difficulties.

THE ECONOMY

Basically Uruguay has a strong economy. Although the country has no relevant mineral or forest wealth, 80 per cent of the land is

suited for agriculture or grazing. Land, therefore, although a one-sided natural resource, is a substantial one. In addition there is a good ratio of land to man—7 hectares per person—and a large stock of sheep and cattle. The country is almost self-sufficient in food production and, because of the small position of Uruguay in the world market, the country could increase production of its two major exports—wool and meat—without greatly affecting the world market price.

Uruguay's economic history during this century falls into three distinct periods. The first period, encompassing the years from the turn of the century until 1930, was one of great economic growth with a major stress on land and production of agricultural exports for the English market. From 1930 until the mid-1950's, there was a reversal of the previous policy of "growth toward foreign countries," and a concentration on the building of national industry. This stress on national industry was to a large degree a reaction to the Great Depression. Although agriculture continued to be Uruguay's major source of earning foreign credits, funds earned from the exporting of raw materials, especially the large amounts of money earned during World War II, were invested in industry rather than in land improvements. The third period, which Uruguay entered in 1955 and which continues up to today, has been one of economic stagnation. This stagnation, caused by the widespread failure to invest in and improve raw material production, has limited Uruguay's growth potential in the international market. At approximately the same time the needs of the small national market were fully met by existing industry, thereby beginning a period of stagnation of industrial expansion, one of the major factors of economic stagnation.

Unable to expand in either of its two traditional directions—toward foreign markets for its agricultural products, or toward national markets for its industrial products—Uruguay entered into a period of general economic inactivity. The weak political system has proven itself unable to correct the national economic problems, and politicians,

aware of the strength of labor and the political suicide which would result if labor's demands for higher wages were not met, have been unable to stem the vicious cycle of inflation or to stop the devaluation of the Uruguayan peso and the exhaustion of foreign reserves. Consumption rather than savings has become the national way of life. Uruguay has faced economic problems since 1933 and only during wars has her trade balance been positive, but the nation has never before faced an economic crisis of the magnitude of that of the past ten years. An indication of this economic crisis has been the rate of devaluation of the national currency which has gone from 4 pesos to a dollar in 1955 to 64 pesos to a dollar in 1966.

POLITICAL COMPLICATIONS

Along with a change in the general economic policy of the country, the 1950's brought a change in the political sphere. Two strong segments of the Blanco Party emerged which, although dialectically opposed to each other, were able to win tremendous support for the Blanco Party and give this party a sweeping majority in the national elections of 1958. One of these groups was the Blanco Democratic Union (U.B.D.) or independent Blanco wing. The U.B.D., under the leadership of Daniel Fernandez Crespo, took a moderate stand and appealed in large part to conservative elements opposed to the more conservative leadership of Luis Alberto de Herrera. The second group, the *Ruralistas*, under the leadership of Benito Nardone, supported a more demagogic and rightist reaction; this group enjoyed the support of Herrera, long cited as the most outstanding Blanco Party leader.

While the Blanco Party was regrouping into two strong and popular groups, the ruling Colorado Party was demoralized by fighting between Luis Batlle, nephew of the reforming ex-president, and César and Lorenzo Batlle, the ex-president's sons who supported the entirety of their father's early doctrines. And, while the Colorado Party engaged in family infighting, the Uruguayan public became impatient with the party which they felt to be

self-frustrated and impotent. In addition, economic difficulties beginning in the mid-1950's had produced efforts by the Colorado Party to change the recurring adverse foreign payment balances. These efforts had served in part to increase inflation and had made evident the need for remedial taxation and social legislation, two platforms rejected by the Colorado Party but widely espoused by the Blancos. A third factor in the overwhelming Blanco victory in 1958 was the sizable migration to Montevideo from the rural districts of the country. The slum-dwelling migrants, gathered in poor districts surrounding the capital city, still maintained their rural patterns of behavior, including support for the more rurally-oriented Blanco Party.

Unfortunately, upon gaining power the Blanco Party was unable to supply cohesive dynamic leadership for the country. In addition party leaders were unable to present to the general urban public, in understandable terms, the great need for a total reconsideration of past economic and social policy. Instead, the Blanco Party allowed the more traditional conservative landowner factions to use the party to regain the position of national strength which the landowners had held at the end of the nineteenth century.

Uruguay's economy is one which is greatly dependent on earning foreign exchange for imports through the sale of agricultural exports. During the last 15 years, the country has suffered from an adverse movement in the net barter terms of trade for her principle exports, meat and wool. In addition, the nation's exports have remained low because of lack of investment in the agrarian sectors and resulting low productivity, added to the high domestic consumption of exportable goods.

In addition to this, the dependency on foreign trade has increased rather than decreased with the growth of national industry, for Uruguay, lacking fuels and industrial raw materials, must look to other nations for the materials which keep her industries going.

Most of Uruguay's attempts to market industrial products abroad have been seriously

damaged by the widespread inflation which has accompanied economic stagnation. This inflation has meant a great increase in the price of labor and has therefore caused an increase in the final sale price of manufactured goods. Rising labor costs have meant that Uruguayan industrial goods are unable to compete in the world market. Foreign exchange earning has therefore continued to rest on the smallest sector of the national economy, the agrarian sector.

The need for far-reaching and basic agrarian reform which would in turn increase agricultural production has been strongly suggested by the comprehensive plan for national development published by the Commission for Investment and Economic Development (CIDE) in 1965. The CIDE plan puts forth a long-range program of economic and social reform, including land reform—to end the existent inequalities in the size of landholdings (*latifundio* and *minifundio*)—administrative reform in government and public corporations, and financial reform including the establishment of a central bank which would regulate monetary expansion. In addition to these long-ranged plans, CIDE is actively supporting immediate action to stabilize the currency and end inflation—two much needed requisites for permanent economic growth. CIDE recommendations have already met with some success; inflation, which reached 90 per cent in 1965, is expected to be no greater than 45 per cent during 1966.

Although the Blanco Party was returned to office in the 1962 elections, its victory was by a slight margin and it failed to win a parliamentary majority in either of the two houses of the Uruguayan legislature. Once again, as after their 1958 victory, the major sectors of the Blanco Party quickly divided among themselves; party leadership was distributed among members of the *Ruralista* faction, the U.B.D. faction and the followers of the clerical extremist, Herrera, the *Herrerista* faction.

Although 1963 and 1964 were encouraging years for the Uruguayan economy, due in large part to extremely favorable weather conditions which produced an upswing in

agricultural and livestock production, this trend was cut short in 1965. Then, partly because of a severe drought which wrecked export production and caused a rationing of electric power for domestic industry, the economy was laid lower than it had been.

In the face of this national emergency, the legislature continued to approve budgets for the principle state enterprises including the education system, the public entities and the welfare system, without providing sufficient funds to cover these expenditures. As a result, a rash of strikes by unpaid government employees has followed, and it is not uncommon for government employees to receive their salaries three months after they are due. Fortunately the national government has been able successfully to refinance its foreign debt and, through savings, to reduce the total amount of that debt.

THE WELFARE DRAIN

The high cost of welfare continues to be a major internal economic problem, for there is no doubt that Uruguay is badly overextended in welfare obligations. Neither of the two requisites for a successful welfare system—an ever-increasing surplus of taxable income and the administrative machinery to collect this surplus and effectively distribute it—are strong. While the number of retired persons on government welfare pensions continues to grow, the various pension organizations find themselves without sufficient funds. Welfare organizations dealing with unemployed persons also find themselves without funds. Although 11 per cent of the Uruguayan population is currently receiving a government pension, the social benefits of the welfare program are seriously weakened by irresponsible management of the funds. Uruguay's welfare system was designed for an age in which the average life expectancy was much lower than it is today. In spite of this fact, any attempt to readjust the generous welfare laws to coincide with the country's economic and social reality seems impossible because of political considerations.

Organized labor continues to be a strong economic force in Uruguay but, ironically, the

unions have failed to exercise any strong political control. Ninety per cent of all workers are members of the Confederation of Uruguayan Workers (C.T.U.), by far the strongest labor organization in the country. The Confederation includes white collar and government employees as well as industrial workers. Although the union counts many socialists and communists among its more prominent leaders, the fact that the rank and file of the union members belong to either the Blanco or the Colorado Party counterbalances most attempts at strongly leftist union activity.

On a nationwide scale, 92 per cent of all voters belong to either the Blanco or the Colorado Party. The remaining 8 per cent is divided among the Christian Democratic Party, which grew out of a faction of an old Catholic party, and various leftist groups.

NEED FOR CHANGE

Today in Uruguay there is a great awareness of a need for political change as a requisite for economic recovery. The experience of the last 15 years under the national executive council system has dramatically demonstrated that only a most prosperous nation can afford the luxury of a weak administrative branch of government. Uruguay has been plagued by an inefficient system of government which it can ill afford. In addition it has been saddled with a plural executive which has repeatedly shown itself incapable of reaching a consensus for the solution of issues basic to the survival of the nation. Uruguay has also been haunted by a serious lack of real political leadership; during the last seven years all of the leaders of national scope of both major parties, including Herrera, Nardone, Fernandez Crespo, Luis Batlle and César Batlle have died. The Blanco suggestion of a return to the presidential system of government, which was so roundly defeated in the 1962 elections, has been seized upon during the last year by major factions of both parties as the only hope for national recovery.

After several weeks of debates before a joint session of both branches of the Uruguayan legislature, on August 24, 1966, the con-

gress approved a constitutional amendment proposing a return to presidential rule. In the November, 1966 elections the voters are to ballot for or against the reform, for candidates under the present council system and for candidates under the presidential system in case the reform is adopted.

In addition to a return to a one-man executive, the constitutional reform would provide the president with the power to dissolve the congress, and the power to institute urgent legislation which if not acted upon by congress within thirty days would automatically become law. Further, congress would receive the power to dismiss government ministers.

It is hoped that these reforms will serve to create a more cohesive government policy while at the same time increasing the responsibility of the administrative and legislative branches. And there is general optimism that the constitutional reform will be approved—through traditional democratic processes.

Among the strongest possible candidates for the presidential office, if the constitutional reform is approved, is Alberto Heber, a comparatively new figure in Uruguayan politics. He stresses an agrarian policy and is felt to be a man of great potential political force. Also mentioned as possible candidates are Dardo Ortiz and Rodriguez Camusso, both of the U.B.D. faction, and both champions of an industrial policy; General Oscar Gestido, representing the more conservative wing of the Colorado Party; and Celmar Michellini of the progressive wing of the same political party. Which system of government will be adopted in Uruguay, and which, if any, of the aforementioned men will be chosen to lead the nation, will be decided by the Uruguayan people acting through free election processes.

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In writing of the present political situation in Colombia this observer finds that "The Frente Nacional has not accomplished what it was designed to do. True," he continues, "it bought eight years of peace, but it has not developed positive collaboration between the parties. More and more it seems to have become a tricky device employed by the oligarchy to return to political power and to remain there."

Colombia: A Tarnished Showcase

By JOHN M. HUNTER

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A FEW YEARS AGO an observer in Colombia repeated the words of a Bogotá columnist, "In Colombia, everything happens except that which everyone is sure is going to happen." With tongue in cheek, he commented, "By this standard, the picture is fairly bright. Predictions of disaster . . . for the government are all but universal."¹ But the facetious prediction proved correct; contrary to expectations, the government survived.

Mid-1966 provided a propitious time to take a look at Colombia. Eight of the sixteen years, during which the two political parties under the Frente Nacional had agreed to share political power equally, had passed. It marked the termination of the presidency of Conservative Guillermo León Valencia and the beginning of that of Liberal Carlos Lleras Restrepo. As the title of this article implies, something had happened to Colombia, a few short years earlier selected as the "model" or "showcase" of the Alliance for Progress. The reasons for this fall from grace—including the suspension of foreign aid for a while—could be evaluated and the permanence of the "taint" assessed.

Geography. Physical features are in the

background of nearly all one says of Colombia which perches on the northwest corner of South America and has a population of 17 million. Its geography was long the basis of the major political issue of centralism *versus* federalism. It led to regional economic development of the country, as opposed to the "hub-city" development typical of Latin America. It demands prodigious public investments in transportation facilities to reach a semblance of national economic integration. It gave and gives haven to guerrillas and bandits. It makes universal education in the rural areas nearly impossible. It made easy the "liberating" of Panama when the Colombian government dragged its heels in negotiating over canal rights with the United States.²

POLITICAL DEVELOPMENTS

Background. Approaching an understanding of current Colombian politics requires some appreciation for two facets: the nature of the two traditional political parties and the overwhelming importance of the Frente Nacional.

The Liberal and Conservative parties have their origins in the independence movement of the early 19th century. The Liberal Party was that of anticlericism and federalism, and its counterpart was closely associated with the Catholic Church and with centralism. Even

¹ *The New York Times*, August 4, 1964, p. 10.

² I wrote on the geography in some detail in "Colombia: A Testing Ground," *Current History*, January, 1964. This is a summary of that material.

though the two parties have grown ideologically much closer, they have grown no closer in terms of mutual tolerance.

The Frente Nacional has its origins in the interparty strife of this century. Prior to 1929, the Conservatives had had a monopoly of the presidency for half a century, but the world economic crisis and a Conservative split in that year led to the election of Enrique Olaya Herrera,³ a "moderate" Liberal. In 1934, the more radical Liberals were victorious and Alfonso López Pumarejo won the presidency. He was Colombia's first "New Dealer." Nevertheless the more moderate Liberals succeeded in electing Eduardo Santos in 1939. At a considerable cost in party harmony, López was reelected in 1943, but his second term was not a successful one because of Conservative and moderate Liberal opposition and he resigned with a year of his term remaining.

The elections of 1946 were disastrous to Colombia. By this time, Jorge Eliécer Gaitán had arisen on the Liberal scene as a fiery exponent of the masses and of radical social and economic reform—an anathema to the moderates of his party, to say nothing of the Conservatives. In the ensuing election, the Liberals won 58 per cent of the vote with Gaitán getting about 26 per cent of the total and moderate Gabriel Turbay some 32 per cent. Thus, Conservative Mariano Ospina Pérez was elected, a minority president with only 42 per cent of the total vote. For a while, he held the government together with a coalition of the moderate Liberals and the moderate Conservatives. This might have

proved a feasible solution, but Gaitán was assassinated in Bogotá during the 1948 meeting of American foreign ministers.

This touched off several days of rioting, destruction and death. This was not the first of the *violencia*, but it clearly underscored a turn to violence as an outlet for the political frustrations being felt by the majority-party Liberals under a Conservative president. Partly as a reaction to the violence and partly for purposes of retaining power, Ospina's regime became more and more oppressive. The Liberals eventually refused to collaborate with it, even to the point of boycotting the elections of 1949. The government passed to Laureano Gómez, an arch-conservative, neo-fascist, long-time power in the Conservative Party.

Under Gómez, things went from bad to worse—especially in the violence which became virtually a civil war and in the vindictive, ruthless suppression of personal liberties. Gómez's administration was short-lived. He attacked his army chief-of-staff on a personal basis, leaving the latter no alternative but to resign or take over the government. With the blessing of most Colombians, he assumed the presidency in June, 1953.

General Gustavo Rojas Pinilla represents one of the real risks in writing "current history." Some observers were favorably impressed.⁴ Others were not.⁵ The violence was calmed and the excesses of Gómez's administration disappeared. But Rojas, too, quickly turned sour: personal liberties vanished, "constitutional" reforms were pushed in order to assure Rojas's reelection, freedom of the press disappeared, moreover Rojas became vindictive. He is frequently likened to his contemporary, Juan Perón, in approach and in policy. But the General neither cut the swath as a personality nor was he as capable as his Argentine counterpart. From a rather rosy beginning, pressures built up, repression increased and eventually, in 1957, Rojas joined Gómez in temporary exile.

Rojas's overthrow left the question of how the country might return to orderly, constitutional government. Talks on the subject had already been under way between the prominent Liberal, Alberto Lleras Camargo,⁶ and

³ Colombian names are frequently used with the given name followed by the family name which is, in turn, followed by the mother's maiden name (much as we often use the maternal family name as a "middle" name).

⁴ See Vernon Fluharty, *Dance of the Millions*, (Pittsburgh: University of Pittsburgh Press, 1957).

⁵ Hubert Herring, *History of Latin America* (2d edition; New York: Alfred A. Knopf, 1961), pp. 519-20; also see John D. Martz, *Colombia: A Contemporary Political Survey* (Chapel Hill: University of North Carolina Press, 1962).

⁶ Lleras had previously served as provisional president after Alfonso López's resignation in 1945, for several years as the secretary-general of the Organization of American States and as rector of the University of the Andes.

the Conservative power, Laureano Gómez (truly strange bedfellows!). Out of the renewed talks came agreement for the creation of the Frente Nacional and Colombia's return to orderly government for the first time since the election of Ospina Pérez in 1946.

The Frente Nacional. In the late 1940's and early 1950's some 200,000 to 300,000 Colombians were killed in civil war. The two traditional parties which had brought this about (or, at least, had permitted it to happen) were the only available mechanisms for return to a semblance of civilian, democratic government. Collaboration of some sort between the parties was evidently necessary. It took the form of the Frente Nacional, devised by Lleras and Gómez, and overwhelmingly adopted in a national plebiscite in December, 1957. It is unique in character and its three principal provisions deserve detailed attention.

Alternación provides that the presidency be alternated between the two parties for the period of the agreement—sixteen years (1958–1974). The presidents serve for four years. *Paridad* provides that all government offices (ministries, congressional seats, governorships, departmental assembly seats, municipal councilships) be divided equally between the two parties. A third provision requires a two-thirds vote for the approval of legislation.

Elections were held in the spring of 1958 under these arrangements. Liberals, united in favor of the Frente, polled 58 per cent of the vote to 42 per cent for the Conservatives. The latter party was badly split among followers of Gómez (*laureanistas*), Ospina Pérez (*ospinistas*), and outright opponents of the Frente, the *alzatistas*. The Gómez faction won handily, and the Frente was off to a good start. The first Frente president was expected to be a Conservative, but the only feasible and logical candidate, Guillermo León Valencia, was not acceptable to Gómez, and consequently Liberal Alberto Lleras Camargo became the Frente candidate. Lleras subsequently won the presidency 4-to-1 over the token opposition of Jorge Leyva, an extreme right-wing dissident. In August,

1958, the military junta, in great relief, turned the government over to the newly-established civilian government. It is the 16-year period, then foreseen by the Frente, which is now half completed.

Developments under the Frente Nacional. The Frente began its operations with three great assets—the great personal prestige of Alberto Lleras, repugnant memories of life under two dictators, and the fear of return to the inane warfare probable under the likely alternatives.

It is not necessary to recount the activities of the Lleras government. It provided a breathing period and an opportunity to work out a system of operation for the new political machinery under the guidance and aegis of the highly regarded Lleras. But even in the "honeymoon" period, inherent weaknesses of the Frente became evident. (1) Even with Lleras's personal prestige and the desire to collaborate running high, the two-thirds requirement made it nearly impossible to get legislation approved. Each bill became a crisis, a matter of putting together a new alliance, and perhaps a matter of putting all the power of the president and the Frente "on the line." (2) Closely related is the manner in which opposition must be expressed when a system effectively eliminates the competition of interparty politics.

In the "bi-elections" for congress in 1960, this second problem became clear. By then, the initial glow was gone and splinter groups had become significant in both parties. The returns rocked the Frente. The dissident left polled more than 20 per cent of the Liberal vote and won 20 of the Liberals' 76 seats in the house of representatives. The semi-anti-Frente *alzate-ospinistas* surprised the *laureanistas* by taking 55 per cent of the Conservative vote. Ospina then "truly" entered the Frente; the cabinet was reshuffled to include an appropriate proportion of *ospinista* ministers to replace the deposed *laureanistas*. Moreover, a large number of eligible voters did not vote, indicating considerable displeasure with the Frente in its progress in attacking fundamental problems. It began to appear that politics and politicians were

returning to a deplorable "politics as usual" modus operandi and doing little to solve Colombia's political and economic problems.

In mid-1962, Lleras's term ended. There were 5 million still hungry, but progress had been made in several directions. A national plan had been drawn up and steps were being taken to implement it. The export picture was better, international credit had improved, there was increased diversification of production. Rejuvenation of the labor movement had begun. Violence still existed in the countryside, but it had lost its political character. But what Lleras had accomplished, he had done mostly through executive action. Ominously, the congress had been almost singularly unproductive throughout Lleras's term.

Guillermo León Valencia became the Conservative candidate as Lleras's successor—not so much for his inherent good qualities but as the only Conservative leader who had consistently supported the Frente (Gómez having retired after the congressional elections of 1960) and as one whom the Liberals were willing to trust to turn the presidency back to them in 1966.

Valencia seems to have been a carefree, honest, patriotic bumbler. He was saddled with a congress which considered its tasks even more casually than he did his own. Frequently, it could not act for want of a quorum; it was disorderly and, at times, even violent. Critical problems of economic policy, land reform, investment, taxes, and the budget simply got little attention. Valencia has been described as being a fuzzy, erratic thinker⁷—hardly what one looks for in a national leader during critical times. Another observer has said of him, "... a proud man from a backwater province whose muted warfare with the twentieth century has aroused his countrymen's derision and sometimes their sympathy."⁸ Still another has noted: "Va-

lencia never admits a problem exists until he is sure that he won't have to solve it."⁹

These comments are in part justified but in part unfair. Much of the blame for his lack of accomplishment lies with congressional irresponsibility. Congress passed expenditure bills (and increased them) without tax bills, it raised minimum wages without a thought about inflation, it sat for seven months on 40 proposals for economic policy submitted by Valencia without being able to agree on anything except the desirability of the president's resignation.

It is to Valencia's credit that he attacked vigorously the problem of rural violence. One bandit gang after another was destroyed by modern military guerrilla activity. But a new violence broke out in the cities, with bombings and, even worse, a rash of kidnappings. Even though the violence declined statistically, the inability of the government to control it in the urban areas contributed to a general demoralization and the feeling that the violence had never been worse. It is also to Valencia's credit that he finally took the bit in his teeth in the economic crisis and instituted reform by decree. Oddly enough, United States intervention in the Dominican Republic permitted him to do this. Student riots over that intervention were sufficient cause for concern to prompt Valencia to declare an *estado de sitio* (state of siege). As long as this lasts, the president with his council may rule by decree—the decrees to be valid for the duration of the state of siege. This action came late (December, 1965) and is, of course, not a solid basis for stable, continued progress.

Support for the Frente continued to decline during Valencia's administration. In the congressional elections of 1964, the Movimiento de Recuperación Liberal (López Michelson) got about 16 per cent of the vote, and—the real surprise—a new Conservative splinter, the Alianza Nacional Popular, led by Rojas Pinilla, captured another 16 per cent. Rojas had returned from Spain late in 1958 to "redeem his honor," had been tried by the senate on civil charges, and had been stripped of his political rights. Officially a Conserva-

⁷ See Pat M. Holt, *Colombia Today—and Tomorrow* (New York: Frederick A. Praeger, 1964), pp. 67–73.

⁸ Richard Eder, "Colombia's Dangerous Dolls," *The Reporter*, October 7, 1965, pp. 36–38.

⁹ Philip Siekman, "South America's Shattered Showcase," *Fortune*, November, 1965, p. 165.

tive splinter, the Alianza won votes from both parties, getting most of its support from the poor and lower middle class. The parallel with *peronismo* is again evident. Until this time, Rojas and his followers were regarded as clowns and a minor disruptive element on the national scene. But this election, and his part in it, shook the establishment. The Frente was left with a bare two-thirds plurality. More serious, perhaps, was the 70-75 per cent abstention, a political vacuum of considerable moment—a plum ripe for someone's picking.

The following two years were even more fruitless than the preceding two. Valencia was under constant political attack; congress did nothing in the face of grave problems. The *laureanistas*, now led by Alvaro Gómez Hurtado (Laureano Gómez, his father, died in July, 1965), withdrew from the Frente largely because of the probability of their having to support fiery Carlos Lleras Restrepo, the obvious Liberal nominee for the presidency in 1966. Nearly everything but politics ground to a halt.

In the spring, 1966, elections voters again stayed away in droves and the Frente lost even more. It won but 62 of 106 senate seats and 100 of 190 in the house. For the first time, the Frente was faced with governing without even a nominal two-thirds plurality.

Lleras Restrepo, who defeated Rojas's candidate in May, took office August 7, the mid-point of the Frente Nacional accord. It is difficult to be optimistic about his, or the country's future. The Frente has demonstrated its inability to act on fundamental issues even when its leaders had nominal two-thirds pluralities. Lleras Restrepo will not even have that. Lleras Camargo had the personality suited to a coalition arrangement—deliberate, calm, diplomatic, gentlemanly, conciliatory. Lleras Restrepo, a sharp lawyer-economist, is described as vain, authoritarian, explosive, impulsive, and unable to endure criticism.¹⁰ In the political sphere, he has two tasks: (1) In some way, he must settle

with Rojas Pinilla who talks openly of revolt and the destruction of the Frente and whose henchmen will be an increasingly disruptive force. (2) He must somehow get the Frente "going." It must catch fire and do something dramatic about Colombia's social and economic problems. Lleras is a "make or break" president for the Frente; he just *may* be able to lead it out of the valley of the shadow. More likely, however, is a stalemate between Lleras and Rojas Pinilla—a stalemate whose resolution would most probably be a military coup in support of neither, particularly not of Rojas. What might follow is pure speculation.

The role of the military. Traditionally, the role of the relatively small Colombian military establishment has been one of political neutrality. In return, presidents have habitually refrained from using the armed forces for partisan objectives and have seen to it that they were adequately financed with a fairly constant proportion of the national budget. But a little skepticism is warranted here, too. The military *did* overthrow Gómez in 1953 and Rojas Pinilla in 1957. Further, General Alberto Ruiz Novoa, minister of war for Valencia, was dismissed for making too many political "noises." In any case, the armed forces are not likely to side with Rojas Pinilla, even though he came from their ranks. As president, he favored a national police force to the traditional military forces and, moreover, there is the feeling that his unsuccessful intervention sullied the military honor and *dignidad*. According to one viewer, the armed forces are more than ever "dedicated to absolute political abstention, content in the role of protectors of the Constitution."¹¹ But most coups are justified on these very grounds. In this view, the military establishes itself as a sort of super-Supreme Court with the ultimately effective power to enforce its decisions.

Conclusion. The Frente Nacional has not accomplished what it was designed to do. True, it bought eight years of peace, but it has not developed positive collaboration between the parties. More and more it seems to have become a tricky device employed by the oligarchy to return to political power and to

¹⁰ *The New York Times*, May 3, 1966, p. 16.

¹¹ John D. Martz, *op. cit.*, pp. 27-28.

remain there. After the Frente's history of frustration, political jockeying, and little attention to real needs, a good many alternatives may appear preferable to continuing on the present path.

ECONOMIC PROBLEMS

Colombia's economic problem is quite simple: per capita income is low and has increased so little that it has barely kept up with a rapidly growing population. But when we ask "Why is this so?" we open a veritable Pandora's box.

Colombia's 17 million earn an average per capita income of perhaps \$300. The internal product is estimated to have increased 4.6 per cent annually in the decade 1951-1961, a fairly respectable amount but, due to improved medical technology, the death rate has fallen rapidly too, so that population is increasing at perhaps 2.9 to 3.2 per cent per year.¹² This leaves only 1.5 per cent growth in per capita income—which is not much. As one might expect, income is very unequally distributed. Forty per cent of the income goes to 5 per cent of the people, and it is estimated that many have incomes of less than \$100 per year.¹³

The heart of the problem lies in agriculture. About half the population lives in the country and agriculture is the largest single employer. But the two million plus employed in agriculture eke out a miserable existence because of antiquated methods, ignorance, distance from the markets, undercapitalization. As a consequence of low productivity, they have low incomes and cannot participate as consumers in the modern, rapidly industrializ-

ing sector of the economy. That sector finds no mass market among the rural populace, and thus it tends to concentrate on luxury or semi-luxury goods for the high income and growing middle income groups. But this market, too, is limited, so that manufacturing plants of the sort described tend to have large excess capacity and expensive capital equipment is idle much of the time.

Furthermore, for a whole series of reasons, labor in these industries is among the first to become unionized, to demand and get high wages, and to prohibit free entry of other labor into the same activities. This prevents the flow of people from low to high paying jobs. An astute and long-time observer of the Colombia scene thus concludes that the solution must be found in modernizing agriculture so that rural labor becomes productive and remunerative. This would mean displacement of a large segment of the rural population to the cities where employment opportunities would have to be found for them.¹⁴

If this is the major problem, why was it not recognized long ago? Why the optimism that made Colombia a "showcase" for the Alliance for Progress? First, in the 1950's coffee prices were very good and this made possible plentiful imports. A large portion was used to develop import-substitution industries and a strong industrial base began to emerge. The bloody civil war was resolved, compromise between Liberals and Conservatives seemed to have "solved" the political problem. The administration of Lleras Camargo was an appealing one. He revived the planning commission which produced (and sold) an attractive 10-year plan. Foreign lenders, public and private, were attracted, and it is estimated that Colombia imported capital in the amount of a billion dollars in the four years ending in 1964.¹⁵ What had happened so that by 1965 it was reported that the only movements seen in Colombia were "the flight of capital, the closing of factory doors, the decline in the value of the peso, and jet flights carrying Colombians out of the country?"¹⁶

Balance of payments. Coffee ordinarily

¹² *The New York Times*, June 27, 1965, p. 1; February 18, 1966, p. 18.

¹³ Siekman, *op. cit.*, p. 165; Milton C. Taylor and Raymond L. Richman, *Fiscal Survey of Colombia* (Baltimore: The Johns Hopkins Press, 1965), p. 1. Data such as these must be viewed with great skepticism. They make a point though, even if the margin of error is great and made even greater by conversion to dollars.

¹⁴ Lauchlin Currie, *Accelerating Development* (New York: McGraw-Hill Book Company, 1966). See especially Part II. This is a most inadequate summary of his thesis.

¹⁵ Siekman, *op. cit.*, p. 165.

¹⁶ *The New York Times*, June 20, 1965, p. E 5.

accounts for more than two-thirds of Colombia's export earnings with oil accounting for most of the rest. This means that Colombia is subject to all the vagaries of the international market and it is estimated that a one cent per pound price change in New York changes Colombia's export earnings by \$7.5 million. As an example of the magnitude of change, the price of Colombia coffee averaged 80 cents per pound in 1954 and only 40 cents in 1963. This alone might have staggered the "showcase," but two other aspects made matters worse in the mid-1960's. Interest on and amortization of previous heavy foreign borrowing had to be paid from greatly reduced foreign earnings. Second, abundant dollars had been used to establish import-substitution industries (rather than for roads, export industries, modern agriculture, mineral development); these then depended heavily on raw material imports or component imports. With coffee earnings down and other demands on the existent foreign exchange, many imports had to be reduced or simply foregone—resulting in the decline of industrial output and employment.

At best, the Valencia administration was not one to inspire confidence in the Colombian economy; this reduced the flow of private foreign capital into the country and encouraged Colombians to export capital whenever possible. Both reduced still further the foreign exchange available for other purposes. It was variously estimated in 1963 that Colombians had investments abroad of \$260 to \$900 million while the Banco de la República had only \$115 million at the end of January, 1964.¹⁷

Most balance-of-payments problems focus in the exchange rate, in this case, the peso price of dollars. Throughout the period Colombia used a complicated system of multiple exchange rates. Coffee exporters were required to sell their dollar earnings to the Banco de la República at a very low peso rate per dollar (initially, 6.67). Importers of

approved commodities were permitted to buy these dollars at a higher price, the "certificate rate" (in mid-1965 this was still 9). Other foreign exchange could be bought and sold in the free market. When there is a divergence between the price paid exporters and the prices of certificate and free exchange, this is the same as a tax upon exports—the greater the divergence, the greater the tax. The spread was so great by mid-1965 when the free rate had risen to 20 pesos per dollar that large quantities of coffee were being smuggled out of the country to avoid what in fact amounted to a 12 peso tax for each dollar earned.

All this came to a head in October, 1964, when the Banco de la República announced that it had little foreign exchange to offer at the certificate rate. This *added* to the loss of confidence in the peso and the country's economy and the free rate rose to 20 per dollar. This depreciation contributed to another and somewhat related problem that was also plaguing the country.

Inflation. Prices were rising throughout the period for a variety of reasons, even though there was economic depression. In the first place, a depreciated currency means that imports cost more in terms of the domestic currency. Increased import prices are translated into the domestic price structure in a variety of ways. Colombia also depends heavily on customs duties for its governmental revenues (and on the *de facto* tax on exports). The decline in imports (some 50 per cent) and exports consequently meant an important reduction in governmental revenues. The government could have done three things: (1) It could have cut its own expenditures correspondingly—politically impossible and economically probably unwise. (2) It could have increased internal taxes to make up for the loss of revenue in the external sector—also difficult and of doubtful wisdom. (3) It did turn to the banking system for the creation of new money to cover the growing governmental deficit.¹⁸

The cumulative nature of inflation was augmented by another set of circumstances: as prices rose, the elite of the labor force

¹⁷ Holt, *op. cit.*, p. 146.

¹⁸ In 1965, the deficit was expected to be the equivalent of \$110 million dollars or about one-fourth of the total budget.

(unionized industrial labor) demanded higher wages because of the increased cost of living. The demands were usually met by the monopolistic-oligopolistic employers who then attempted to recoup the increased costs by higher product prices. All these factors contributed to serious inflation. For example, the cost of living rose 35 per cent in 1963 with food prices increasing 47 per cent. In two months in 1965, the price of staples rose 25 per cent.

The budget deficit, inflation, exchange depreciation, and the balance-of-payments deficit—all interrelated—were all part of the crisis faced by Valencia in 1965. To solve these problems his capable minister of finance, Hernando Duran Dussan, submitted 40 corrective measures to the congress, which did not deign to consider them; so he resigned in disgust after less than three months in office.

About this time (June, 1965), the agencies which had created the "showcase" (the International Bank, Agency for International Development, International Monetary Fund) took a hard, new look at their offspring and considered the situation so serious that they suspended all aid pending concrete measures for a recovery from the immediate crisis. A new minister, Joaquin Vallejo Arbelaez, was persuaded to undertake the task (at a salary of about \$350 per month). Among his first acts was permitting coffee exporters to retain 10 per cent of foreign exchange earnings and to sell the remainder at 13 pesos per dollar. Although Vallejo had little luck getting congressional action, the international agencies were apparently impressed and aid disbursements were resumed in late October. By decree, the *estado de sitio* still being in effect, Valencia and Vallejo began their economic reform program in December—clearly without congressional support.¹⁹

Conclusions. In a sense, some of the problems already described are superficial: political mismanagement of the money supply,

minimum wages, tax policy and the exchange rate. These problems could be handled in a better political *milieu*, but some fundamental or "structural" economic problems would still remain.

The most pressing of these is that of population growth. If the population continues to grow as it now is, in fifty years 75 million people will occupy the geographic area which now only poorly supports less than 20 million.

There is nothing easy about the agricultural rural problem. Colombia depends, unfortunately, too much on coffee to earn foreign exchange, but there is no obvious way out of this due to the peculiar characteristics of coffee production. The International Coffee Agreement is an effort to reduce the wide fluctuations in earnings.

Land reform offers no panacea and may, in fact, make matters worse. Land is not evenly distributed and, all told, 60 per cent of the farmers own only 4 per cent of the land. But this is far from the whole story. There are problems of holdings too large (*latifundia*) and too small (*minifundia*). But perhaps more important is that, as agriculture is now organized, a great deal of essentially unproductive labor is employed and, if this organization continues, agricultural income will be miserably small.²⁰ Thus, it is crucial that agriculture be reorganized—to operate 100,000 farms instead of 750,000. This will require a real revolution in the countryside, another in urban organization and living, and a substantial expansion of industrial employment opportunities. In short, the whole

(Continued on page 309)

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¹⁹ *The New York Times*, July 19, 1965, p. 37; November 12, 1965, p. 78; January 31, 1966, p. 5.

²⁰ Currie, *op. cit.*, p. 202.

In Venezuela today, as this specialist evaluates the situation, "there seems to be a popular consensus that the basic reforms are possible within a democratic framework." Optimistically, he believes that "the bases now seem firmly laid for continued democratic action regardless of which party wins the general election of 1968."

Democracy for Venezuela?

By PHILIP B. TAYLOR, JR.

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AT A TIME when many Latin American countries find themselves involved in crises induced by economic collapse or military *golpes de estado*, Venezuela in 1966 is moving at an extraordinary pace toward material growth and political stabilization. This contrast is the more impressive because, in historical terms, it is an almost total reversal. The Venezuela that today overflows with optimism is the same country of which, three decades ago, a foreign observer could say, "Venezuelans feel inferior—and they should!"

The elements that make for the present rather slick and gleaming self-assurance are all fairly recent. The eldest is the oil boom, now 40 years old; changing tax policies have diverted ever-increasing amounts of petroleum income to the national treasury so that the government, in per capita terms, is the richest in Latin America. The second is the policy of "sowing the petroleum," first formulated in 1936, and now a byword; instead of being wasted in bureaucracy and figurative pyramid building, the oil revenues are being put into schools, hospitals, low-cost housing, potable water and electric power systems, highways and communications nets. The third is the increasing popular confidence

that the future will be free of the political manipulation of the military and of overt political violence. Although the last dictatorship, of Marcos Pérez Jiménez, ended only in 1958, the bases now seem firmly laid for continued democratic action regardless of which party wins the general election of 1968.

A continuing study of opinion leaders by a team from the Massachusetts Institute of Technology and the Central University of Caracas has shown proof of this attitude. The first published results, for labor leaders, demonstrate the very high expectation held for continued progress. Yet these leaders, as do all reasonable observers, recognize that the country has many problems.¹

It is essential to an understanding of the great mobility, apparent social instability, and harshness of modern Venezuela to know something of its past. Even while this is a hopeful country, it must be conceded that it is a bitter one. The people of Caracas, especially, seem to live with an abiding hatred for the world and each other. If attitudes are milder outside the capital, this mildness is only relative.

Venezuela's movement for political independence in the early nineteenth century was probably the most cruel, bloody and prolonged of Latin America. Simón Bolívar, the national hero of many South American countries, won Venezuela's independence from Spain only after a decade of intermit-

¹ Universidad Central de Venezuela. Centro de Estudios del Desarrollo, *Estudio de Conflictos y Consenso 1: Muestra de Líderes Sindicales* (Caracas, UCV, 1965).

tent warfare. He was chased from the country three times; he fought fellow Venezuelans as often as Spaniards. In 1813, after a peculiarly brutal Spanish massacre of prisoners, he announced a "war to the death" against all opponents regardless of age, sex or status. By the end of Spanish power in 1821, the colonial elite had been almost entirely liquidated or chased from the country, and the struggle had degenerated almost into race warfare. No modern Venezuelan oligarch can trace his economic power back continuously more than about three generations; the country's leadership has a substantially larger admixture of Indian and Negro than neighboring Colombia.²

This violence set a pattern. Nineteenth century Venezuela was an extreme example of a nearly universal Latin American phenomenon: the armed forces felt they had a prescriptive and exclusive right to define national ethics and patriotism. The most important political struggle for Venezuela was forcing the military to recognize civilian pre-eminence. In the nineteenth century, the country had four civilian presidents who governed for a total of 50 months—all at the will of the military. In the twentieth century to the present, the country has had three civilian presidents for a total of 131 months—and only two of these have actually served without being in some degree puppets of the military.

For the most part, the soldiers of the nineteenth century were not "soldiers" as "North Americans" conceive them. There was no military specialization; war was a continuously-practiced and somewhat primitive art. The rewards for the lucky were sudden power and a public treasury open for looting; for the unlucky, the penalty was death. Nineteenth century Venezuelan "political" history is a continuous recounting of the sweep of personal armies sowing malicious destruction across the face of the land. Victory went to the "general" who was, at the moment, the

most ruthless intriguer and killer. The country was not actually unified until the advent of Juan Vicente Gómez, *caudillo supremo*, who ruled the country with almost absolute brutality from 1908 to 1935.

It has only been since Gómez' death (from age and self-indulgence) that the armed forces have slowly built a tradition of professionalism and competence. Dictator Pérez Jiménez, although a career military man, disturbed the new military as much as the civilian population because he behaved like a throwback to the days of Gómez. The new dedication of the military to constitutional and civilian government is so recent that many observers are still skeptical, but there now seems good evidence that the country has passed this roadblock to progress.

TRADITION OF VIOLENCE

Violence itself is another problem. No government, anywhere in the world, is secure in power unless it is credible. Governmental monopoly of violence is a vital element in this credibility. A century of political violence, in which every competitor came to feel he had a *right* to use violence as a partisan tool, skewed Venezuelan political life in this direction.

The Betancourt government was slow to respond adequately to communist-led anti-government violence begun in 1960. While the *Fuerzas Armadas de Liberación Nacional* (FALN, the Armed Forces for National Liberation) were organized and gained strength up to 1963, the government seemed almost bemused by its wish to observe both the spirit and letter of the constitutional provisions concerning political and personal rights. When FALN-supporting extremist congressmen said flatly in debates that they regarded violence as a legitimate device for opposing the government, and claimed they were the victims of "official violence," they were in fact denying the government the right to defend itself.

President Betancourt had said often that he hoped for an honest election of a civilian successor in 1963 and he would respect the results even if A.D. did not win the presidency.

² Laureano Vallenilla Lanz, *Cesarismo democrático. Estudio sobre las bases sociológicas de la constitución efectiva de Venezuela* (Caracas, 1919) is still a very effective explanation of this period.

In 1962 and 1963, it became increasingly possible that if he did not deal effectively with the FALN there might not be an election. Late in 1963, FALN violence forced him to ignore the letter of the constitution; some 20 extremist congressmen who had been protecting the movement were jailed or forced into exile. Thereafter, the December election went off without a hitch.

A.D.'s plurality in the election was so surprisingly small that the opposing parties accepted it as honest. Raúl Leoni, who became president, has continued pressure on the FALN. By 1966, the communists and their fellow-travellers had almost given up their support of the FALN, and its units were forced into comparative quiescence. The government has become and remained credible.

GENERATION OF 1928

If Venezuela is progressing toward stability it is not entirely because of material benefits from oil. The changes are the result of the struggles of a nucleus of young men, the "generation of 1928." This "seed bed of Venezuelan politics," as it has been called, not only provided leadership personnel, but also set goals for reforms.

In early 1928, a group of freshmen students at Caracas Central University decided to protest the dictatorship of Juan Vicente Gómez. Although they had hoped for better treatment (earlier political prisoners had been amnestied in 1927), most of them eventually went to jail. Some were exiled, a few died, and some spent as much as seven years in 70-pound leg irons in clammy cells invaded by water at high tide in their seaside prisons.

³ The comparison with Fidel Castro is useful. This violence-oriented and fuzzy intellectual destroyed the very corrupt Cuban army while winning power in 1959. Thus he was almost unrestrained. Lacking ideas and aides, and an organized party, he turned to communists for help. Soon his was a communist dictatorship. A.D., instead, had faced up to communism and had rejected it; it was an organized party; and it was restrained from overly-rash action by military surveillance. Despite the myths that have been perpetuated by uninformed rightists in Venezuela and in the United States, the mildly socialist A.D. has been one of the most effective enemies of communism in Latin America.

Gómez called these young men communists. Most were nationalists and reformers, and had given little thought to communism. A few toyed with Moscow-line communism in the first few years of exile, but in 1931 a part of the group, the nucleus of what would later become the A.D., declared that Moscow's leadership would never benefit Venezuela. Ultimately the entire group filtered back into the country. Antagonism between practicing communists and A.D.'s predecessors increased until the final open break in 1944.

In 1945, despite its earlier criticism of others for playing the game of political violence, A.D. joined a group of young army officers to overthrow the government of Isaias Medina Angarita. Led by Major Marcos Pérez Jiménez, the officers were motivated primarily by a desire for promotions and higher salaries, while A.D. wanted social change. Installed as provisional president, Betancourt had almost three years in which to apply the party's program; then, early in 1948, Rómulo Gallegos was elected president in the country's first popular presidential election.

But the intensity of A.D.'s attitudes, and its wholesale attacks on vested interests, alarmed the conservatives. From the beginning, the marriage of convenience had chafed both participants. In November, 1948, the same group of officers overthrew Gallegos, and began a decade of military government. Pérez Jiménez, now a colonel, soon emerged as absolute dictator, gradually neutralized most of A.D.'s policies, and established one of Latin America's few near-totalitarian governments.

While some younger party members continued the fight clandestinely, A.D.'s older leaders wandered in exile—observing, arguing with others of the generation of 1928, and reformulating their positions. In some respects they were lucky.³ When the 1958 golpe overthrew Pérez Jiménez, they all returned to the country, and when the election of that year reestablished the party in the presidency they were ready to begin again.

Other parties had appeared in the heady

atmosphere of 1945 and 1946, with the first political freedom in the country's history. The *Unión Republicana Democrática* (U.R.D.) was founded in 1945. At first conceived as a conservative group of supporters of General Medina Angarita, by 1947 it had been captured by the more radical Jóvito Vilalba, a member of the generation of 1928 who was very ambitious. The *COPEI*, now also called the Christian Social party, was founded in 1946 by Rafael Caldera, and was the last party to be outlawed by Pérez Jiménez, in 1957. Based on the papal social encyclicals, COPEI has moved from a very conservative position to one that is increasingly radical.

There was also a Communist Party of Venezuela (P.C.V.), but the three larger parties refused to collaborate with it. Just before the 1958 election, COPEI, A.D. and U.R.D. agreed that regardless of who won the presidency, all three would collaborate in a broad and progressive program. A.D. won a dominant share of votes; it was so strong, in fact, that it suffered the penalty of personalist and ideological splintering when its quasi-communist element broke away in 1960 to form the *Movimiento de la Izquierda Revolucionaria* (M.I.R.—the Revolutionary Leftist Movement), and its more personalist second-generation leaders left in 1962 to form what was called, derisively, the "*Grupo ARS*."⁴ Although U.R.D. left the coalition in 1960, under the influence of its own crypto-communist left wing, COPEI continued its

⁴ *Publicidad ARS* is a major advertising agency in Caracas; its slogan is "Let us do your thinking for you." When the second generation of A.D. began to agitate in 1946, an old first-generation leader's sarcastic remark was that they sounded like "ARS."

⁵ U.R.D. withdrew from the coalition largely because of relations with Cuba. In 1958, the provisional Venezuelan government aided Castro. When Castro demonstrated that he meant to seize control of Venezuela, relations were broken. The suspicion grew that Castro was aiding the FALN. In November, 1963, three tons of arms and explosives were found in a Venezuelan beach. Investigation proved that they had come from Cuba and were to be used to overthrow the Betancourt government. Another cache was found in August, 1966.

⁶ Leoni's staunch labor friends virtually imposed him as a candidate for 1963 on the A.D. despite Betancourt's unpublicized opposition.

collaboration. By the end of the term in 1964, the opposition controlled the congress, but Betancourt was able to govern by decree until the end.

The Betancourt term, from 1959 to 1964, was exciting for virtually everyone. Betancourt is a skillful, charismatic politician; his government met and mastered the FALN. It overcame what seemed to be an austerity—produced depression, although in comparison with economic crises in other Latin American countries it really was only a mild recession. It redefined A.D.'s economic policies more moderately than had been expected. It began the unspectacular work of extending the social infrastructure; thus the Alliance for Progress hardly represented an advance in either thinking or action. It gradually redefined policy toward the United States as interested but independent, developed the "Betancourt Doctrine" of refusing to maintain diplomatic relations with any military government resulting from a golpe, and took a very strong position against the aggressively imperialistic Castro dictatorship in Cuba.⁵

If Raúl Leoni's 1964–1969 term has seemed less spectacular than Betancourt's this is partly the result of Leoni's wheelhorse personality.⁶ The current period is one in which to consolidate, and to continue toward democratic stabilization. There have been few important policy innovations. Economic recovery has meant a return to the six to eight per cent rate of annual increase in gross national product of the 1950's; although in 1965 and 1966 there was mild inflation, real wages have grown steadily by about three per cent annually. Some reorganization of the tax laws and of the government bureaucracy has begun, but no true progress yet has been made toward bringing under more effective presidential control the very large number of autonomous government agencies that control the social welfare and economic interests of the state. Caracas still has appalling slums.

PARTISAN POLITICS

At this time, partisan politics are beginning to warm up for the 1968 general election;

several new parties have appeared. Economic and industrial growth is increasingly influencing the style of national life. Venezuela's recent entrance into the Latin American Free Trade Area, after five years of aloofness, may mark the crossing of an economic divide.

In the 1963 campaign, neither communists (P.C.V.) nor cryptocommunists (M.I.R.) could participate; they had been "incapacitated," not outlawed, in 1962. The "Grupo A.R.S." became "A.D. in the opposition," but was almost totally ignored by the voters. Other leftist parties also received less support than was expected, and the U.R.D. suffered badly. On the other hand, conservative parties gained strength; COPEI's strength was impressive, and an inchoate grouping led by Arturo Uslar Pietri did well. A.D. has lost some proportionate strength in every election since its first (in 1946), and Leoni won the presidency with a scant plurality.

COPEI decided not to rejoin a coalition government, since it expected that independent action would strengthen it for the 1968 elections. Leoni was forced to organize a new coalition, the "*Amplia Base*" or "broad base" government with the now weakened U.R.D.⁷ and with Uslar Pietri's group, which took the name *Frente Nacional Democrática* (F.N.D.). From the beginning, this coalition was weakened by the diverse views of its member parties. A.D. continued jealously to guard its control of bureaucratic and political appointments (this was always a favorite opposition criticism) and in March, 1966, the coalition collapsed. For the present, A.D. and U.R.D. have been forced into an uncomfortable collaboration.

The right and reputed right are gaining strength. The left is reorganizing slowly. The failure of the FALN to destroy the government led all but a few Peking-controlled fanatics to try to return to peaceful action.

⁷ The so-called "black" communist party of the Pérez Jiménez period contained several persons who joined the U.R.D. in 1952-1954. These controlled the U.R.D. newspaper *Clarín* until 1963, and gave it a dominantly crypto-communist appearance. In 1964, U.R.D. expelled them. At the same time, however, many conservative U.R.D. members joined Uslar Pietri's grouping.

A number of smaller groups, including many former M.I.R. members, met in August, 1966, to reorganize and strengthen the former A.R.S. nucleus, which now has taken the name *Partido Revolucionario Nacionalista* (P.R.N.). Wolfgang Larrazábal, one-time commander of the navy (1947), provisional president (1958), and twice presidential candidate (1958 and 1963), heads his own *Frente Democrático Popular* (F.D.P.), but P.R.N. has made overtures to it and the two may join in a leftist front for the elections.

In the middle, A.D. is now regarded as an aging and disappointingly conservative party. At a time when it is *de rigueur* for parties to be "revolutionary" (however fuzzy the word's ascribed meaning) A.D. no longer seems to qualify. The party is aging; Betancourt, Leoni and heir-apparent Gonzalo Barrios (for 1968) are the same three who wrote the declaration of 1931 and took the party into the 1945 golpe. A.D. has not been successful in recruiting enough impressive new leaders, and it has gradually lost the votes of both rank and file urban labor and the critically important peasant local unions that helped it win the photo-finish election of 1963. It has held power for over a decade—the longest period of any civilian party in the country's history—and its comparative success tends to work it out of a job. Although A.D. began life as a nationalist and lower-class socialist party it now seems almost oligarchic; the unexciting Leoni personifies all this.

At stake in 1968 are the presidency, both houses of the national congress, 20 state legislatures, and hundreds of municipal councils. There will be perhaps half a million new voters. Literacy is not a requirement; the law provides individual ballot cards for each party, with unique designs and colors, and even braille patterns for the blind. The 1968 election promises to be by far the most competitive in history because of the fluid party situation, and everyone but A.D. is certain A.D. will not retain the presidency.

ECONOMIC PROBLEMS

Economic change is evident. Although petroleum has been the dominant element in

the economy, great efforts now are being made to reduce its relative importance.

Petroleum long has been virtually a synonym for Venezuela; for many years it has produced between 25 and 30 per cent of the country's gross domestic product. However, Venezuelan policy-makers have based the country's fiscal and tax policies on the assumption that the oil reserves will soon be exhausted. This has led to the almost fanatic desire to "sow the petroleum," and to adopt increasingly nationalist restrictions on foreign companies. As a result, the oil companies have long felt they are living on borrowed time. Although A.D. has guaranteed that the concessions under which they explore and produce—which terminate definitively in 1983—will be allowed to run their full course, many political leftists say they will nationalize the industry if they win power. In 1960, the government organized the official Venezuelan Petroleum Corporation (C.V.P.), and current law requires the companies to yield ever-larger shares of their activities to the C.V.P. either as a gift, or through the acceptance of service contracts by which they continue their usual activities but under C.V.P. control and for its profit. So far the companies have been understandably unenthusiastic.

As a result, there is a mood of indifference creeping over the petroleum industry. Many marginal producing fields have been all but closed, and staffs have been reduced. By mutual agreement, the three-year labor contract signed by the union and the companies in August, 1966, is the most generous oil contract in the world. The tax take of the government, which has been about 65 per cent of company profits in recent years, will be increased to about 70 per cent under tax reforms proposed by the government to the congress in July, 1966. Venezuela's place as the largest seller of oil in the world market (nearly 3.5 million barrels daily) is weakening as the Middle Eastern countries, with lower production costs and much larger reserves, attract more attention from the international companies. The companies have nearly halted exploration activities at their own expense.

In view of these developments the government's central planning office, CORDIPLAN, is encouraging economic diversification. Emotionally, the country is almost totally committed to industrialization. In the period from 1951 to 1964, manufacturing increased its share of the gross domestic product from 8.5 to 12.5 per cent; while the gross domestic product increased by about seven per cent in 1965, industrial production rose about 17 per cent.

The *Corporación Venezolana de Fomento* (C.V.F.—the Venezuelan Development Corporation, a government agency) was established in 1946 to encourage private investment of all kinds, as well as to aid the development of certain areas in which the government intends to have a monopoly (steelmaking, electric power, some types of petrochemicals developments). C.V.F. buys shares of a joint stock company; it enters a lease-sale agreement whereby C.V.F. builds and equips a plant, leases it to the company, and then sells the entire establishment at cost less the payments made.

Venezuela's agrarian reform program is the most richly financed in Latin America. The present law, enacted in 1960, has conveyed land to about 100,000 peasant families under financing and technical conditions more generous than any in Latin American history. At the same time, the commercial sector has received major financial, marketing and technical support, and total production has increased somewhat with sharp increases in sugar, milk, eggs, meat and poultry.

A number of serious economic problems demand solution, however. All of them center on the country's very high price and cost structure—not only the highest in Latin America, but very possibly among the highest in the world.

The most obvious obstacle to general improvement in the lives of all Venezuelans is unemployment, which the government estimates at around 12 to 15 per cent, and which may actually be much higher. Some 70,000 new workers join the working force each year, but costs are so high that the many new industries being opened tend to be capital

intensive rather than labor intensive so that machines rather than men do the work. The government is the largest single investor, and C.V.F. projects and public works attempt to remedy the situation as much as possible. But the problem is likely to grow rather than diminish.

With a high domestic price structure and a very stable currency, Venezuela long ago formed the habit of importing virtually all its needs—either of raw materials and food, or manufactures. Further, despite an official policy of maintaining a balanced governmental budget without foreign debts, a flight of capital has occurred in Venezuela as in other Latin American countries. Such practices, so wasteful of national wealth, were supported by the income from petroleum; dollars are literally among the cheapest things a Venezuelan can buy.

Industry therefore may have a dual advantage. Hopefully it will provide jobs; in recent years the government has spent much on vocational training, and all companies must pay special taxes to support training schools or, in the case of larger companies, may maintain their own. Industry also may produce locally what has formerly been imported. The substitution of local for imported goods has far to go, however, before the country's economy stabilizes. Preferences and tradition among Venezuelans still favor holding dollars, buying imported goods and living abroad. Protectionist policies encourage industrial growth, but during the economic recession of 1958–1963 foreign investors showed far greater confidence in the country's future than Venezuelans.

A very large number of both new and old industrial and commercial establishments are at least partially foreign-owned, as well as foreign-managed and directed. Venezuelans therefore must adjust not only to investing at home, but also to learning the skills that will enable them to manage their own country.

In July, 1966, Venezuela applied formally for membership in the Latin American Free Trade Area (LAFTA). Organized in 1961, LAFTA rules provide that over a period of 12 years the member countries will reduce

to zero their tariffs among themselves. Specialization is encouraged in order to achieve comparative advantage and cooperation. Venezuela's entrance is a calculated risk. Its high-cost economy must face lower-cost producers possibly able to compete effectively in its markets. Since only Mexico meets its own petroleum needs, Venezuela hopes to compensate losses in the transitional period by oil exports. LAFTA entry could cost jobs and close plants; since the government has such a heavy share in the petroleum industry, this could swing the balance of economic power even more obviously in the direction of the state. A.D.'s partisan strength is heavily dependent on the *Confederación de Trabajadores Venezolanos* (C.T.V.—the Federation of Venezuelan Workers), but a weakened C.T.V. leadership could perhaps seek its political fortunes elsewhere.

In 1966, in Venezuela, there seems to be a popular consensus that basic reforms are possible within a democratic framework. Although there are still students and young business and professional employees who spend weekends with FALN gangs almost "for kicks," the pattern of violence with public support has been broken. Although A.D. is relatively weaker today than at any time in its history, it is still probably the best organized political machine in the country with a real "vocation for power." In fact, if A.D. has apparently lost strength, it is because its older men and older programs now confront a younger generation with new goals.

The two years leading to the 1968 election

(Continued on page 310)

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Will Chile's "Revolution in Liberty" be successful? Noting the country's traditional respect for the rule of law and legal continuity, this author believes that Chile nonetheless seems to be "on the verge of social upheaval which the traditional political structures seem unable to prevent. . . ."

Chile: "Revolution in Liberty"

BY FEDERICO G. GIL

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OF ALL THE REPUBLICS in the southern hemisphere, Chile has perhaps the best record in Latin America's continuing search for political stability. Chile's stability has been the source of amazement to students of politics, and its capital city has often been selected as a site for the headquarters of international agencies and research centers. Since the first workable constitution—written to consecrate Diego Portales' idea of the politics of strength—was adopted in 1833, Chile has enjoyed more than 130 years of stable government.

After the dictatorships of Bernardo O'Higgins and Ramón Freire in the difficult period of republican organization, the Chilean armed forces took an active political role in the period of anarchy between 1826 and 1830. However, since that time, the Chilean military undertook active participation in public affairs only in the civil wars of 1851 and 1891. In both these cases, once the conflict was over, the armed forces returned to their quarters without attempting to retain control of the government. During the twentieth century, the Chilean army became involved in politics only during the period from 1924 to 1932, most of the time with the support of civilian groups and of public opinion. Indeed, the preservation of the army's nonpolitical role in society, and a national aversion toward violence, are perhaps the most salient features of the development in Chile of political patterns that are significantly different from those that emerged in

the rest of Latin America. Chile's record of legal continuity is impressive even when compared to that of Germany, France, Italy, Spain, and other Western European nations. The Chilean respect for the rule of law explains why, in spite of the nation's serious economic maladjustments and social weaknesses, these conditions have never produced massive political violence. The Chilean political system is characterized by conditions normally ascribed to highly developed countries. In addition to respect for constitutional form and political legality, there is an electoral system which, although cumbersome, is not significantly vitiated by fraud. There is real representation in a congress which can effectively restrain the power of the executive. The judiciary is not subdued by pressures. The political party system is strong and well developed. The administrative system is reasonably efficient. The political milieu is characterized by high standards of morality among political leaders, a low degree of personalism, and freedom of information of all ideological sorts and persuasions. There is, in addition, a high order of sensitivity of the educated elites to the outside influence of changing technology and ideology.

Yet in recent years, this country has been on the verge of a social upheaval which the traditional political structures seem unable to prevent for, counterbalancing its assets, Chile has been shackled by institutional and organizational handicaps in the last decades. Politically speaking, Chilean society is split into

two social segments: the approximately one-fifth of all Chileans who live under modern conditions and constitute the effective nation, and the great mass of the underprivileged and uneducated, alienated and excluded from the political process, who exist as a nation apart. Economic and social maladjustments are equally serious. After a period of relative industrial progress since World War II, the country has become stagnant. At the current rate, it may take 60 years to double its per capita income. The population increases constantly, but agricultural productivity is not keeping pace. Homes and schools cannot be built to satisfy the needs of the growing population. Unemployment and unproductive employment have also grown. Thousands of young Chileans have little hope of higher education or employment. The highly bureaucratized social welfare system, which chiefly benefits the middle class, constitutes a heavy financial burden. All recent administrations have been faced with a serious budget deficit, a huge foreign debt, a failing currency, and a seemingly unstoppable inflationary process. These are only a few of the maladies which require a radical transformation of Chile's social and economic structures. Although a gigantic task, these reforms are indispensable if the country is to develop and to move into modernity without violent revolution.

DECISIVE ELECTIONS

Three presidential elections in the twentieth century were turning points in Chile's political development.¹ The first, in 1920, was the election of Arturo Alessandri, the colorful and charismatic "Lion of Tarapacá," who led the "revolt of the electorate" which brought the rise of the middle class. The second, in 1938, was the triumph of Pedro Aguirre Cerda and his loose alliance of centrist and leftist forces known as the "Popular

Front." The last was the 1964 election, essentially a contest between two reformist movements, the FRAP, a coalition of socialists, communists, and other leftist parties, and the Christian Democratic Party—both advocating revolutionary changes in Chile's economic and social structures. Eduardo Frei Montalva and his Christian Democrats won an overwhelming victory in this election, emphasizing the theme of a "Revolution in Liberty"—a dramatic transformation of Chile—but one that would employ democratic rather than totalitarian means.²

At the time of this writing, nearly 20 months have passed since the day Eduardo Frei took possession of the presidential office at La Moneda, Chile's presidential palace, and the "Revolution in Liberty" officially started. What has been accomplished so far by the Christian Democrats in their modern crusade to defeat poverty and underdevelopment and to achieve national progress? The first months of the Frei administration witnessed an impasse between the legislature and the executive. Virtually all of Frei's reform measures proposed to the congress were blocked by congressional intransigence from both the far left and the far right. The picture changed five months later, when, staking their political future on the March, 1965, elections, the Christian Democrats were able to give Frei a relatively effective governing majority for the rest of his term.

After a long period of wrangling in which dilatory devices of all sorts were used by every parliamentary faction to block Frei's proposals, his new copper legislation was finally approved by the congress. President Frei is now ready to put into effect the various agreements with the copper companies which should lead to a Chilean investment of \$420 million, a doubling of Chilean copper production, an annual increase of \$47 million in fiscal revenues, and an increase of \$115 million in its foreign currency income. Chile should become the world's leading copper producer.

AGRARIAN REFORM

The agrarian reform legislation ran into

¹ For background material see *Current History*, March, 1953, pp. 165 ff.; February, 1962, pp. 106 ff.; and December, 1965, pp. 342 ff.

² For an analysis of this election see Federico G. Gil and Charles J. Parrish, *The Chilean Presidential Election of September 4, 1964* (Washington: Institute for the Comparative Study of Political Systems, 1965).

even greater difficulty. Under the sharp attacks and rearguard actions of the conservative forces, and despite some support of the leftist FRAP, the proposed bill bogged down for months. Finally, during an extraordinary session of congress that ended May 20, 1966, the chamber of deputies adopted the executive's agrarian law and a proposed constitutional amendment permitting expropriation of property with deferred payment in bonds. However, as this is written, the senate must still act on both measures.

In the struggle over the constitutional reform of the "right of property," the Christian Democrats had not only to prevail over the powerful opposition of the conservative landowners but also to parry an attempt by the socialist-communist FRAP to write into the constitution that "the state shall favor the socialization of enterprise."

Without waiting for approval of the agrarian reform, the government has already proceeded under the existing legislation enacted in 1962 to expropriate some lands. During the period from November, 1964, to March, 1966, the Agrarian Reform Corporation (CORA) expropriated 642,000 hectares being worked by 3,850 families. It is significant to note that in the previous 35-year period from 1929 to 1964, only 5,474 families had benefitted from all land distribution programs.

To allay the fears of Chile's landowning circles, in his annual message to congress on May 21, 1966, Frei pledged that only about 4,000 large estates among the country's 260,000 present farm properties would be divided under the Christian Democratic agrarian program. He also stated that his government was expecting "modern productive farmers"—who will not be affected by the reforms—to increase Chile's lagging agricultural output. Obviously attempting to tranquilize the distraught private business sector, he promised official support for private investment, both national and foreign, in badly needed industrial development.

Frei's 1966 annual message constituted in every respect a rather impressive account of achievements. In the field of education,

there was an increase of almost 175,000 during 1965 in the number of children attending primary schools. A school lunch program provided daily more than 800,000 breakfasts and 400,000 lunches. Enrollment in the secondary schools grew at 30 per cent. Thirty-eight new secondary schools were established and a scholarship program for 17,500 students went into effect. Other long-range and short-range measures were taken to adjust the educational system to the country's requirements. Approximately 1,500 new school buildings have been constructed, of which about 1,000 are located in rural areas. Under a national teacher's training program, more than 8,000 teachers have completed advanced education courses and higher education has received considerable impetus. Frei has proudly mentioned the fact that, as a result of the Christian Democratic campaign for education, one out of every four Chileans is today involved in some educational pursuit.

Frei's housing program promised construction of 46,000 units in the first year of his administration. During 1965, including the public and private sectors, new housing units amounted to more than 52,000, a substantial portion of which is low-income housing construction. The pace of private savings deposits in banks and loan associations has also accelerated notably. A new ministry of housing and urban development was proposed by the president and established by congressional action.

Progress is also being made in health affairs. In 1965, 14 new hospitals were opened. In 1966, 17 more are ready and another 20 are under construction. Water and sewer systems have been installed in a substantial number of rural communities and urban slums. The infant mortality rate, for many years among the world's highest, has declined from 105.5 per thousand in 1963 and 1964 to 99.5 in 1965. Pending approval of the congress is a preventive medical care program which will cover 1.5 million people.

The congress has passed several bills proposed by the executive introducing important modifications in the labor code such as those equalizing the minimum wage in the agrarian

and industrial sectors and establishing the eight-hour day maximum for farm workers. Pending approval are other proposals dealing with the rights of unionization and collective bargaining of rural laborers.

ECONOMIC GAINS

The most remarkable Christian Democratic achievements are related to economic policy. Despite recent disastrous losses caused by earthquakes and floods, as well as by a series of strikes in the copper mines which paralyzed the industry and resulted in a loss of more than \$60 million, the government has performed near-miracles. A striking redistribution of the national income has been achieved through large raises equivalent to 100 per cent of the increase in the cost of living, and by the social measures, mainly in education and health, designed for the benefit of low-income groups. The Frei administration made manful efforts to balance its budget by raising taxes from 13 per cent of the gross national product in 1964 to 17 per cent in 1966. Direct taxes paid by Chileans in the high income brackets have increased 40 per cent in contrast with a 19 per cent raise in indirect taxes contributed by the total population. This move, along with others, contributed to slowing Chile's chronic inflation from a 38 per cent increase in prices two years ago to a current rate of 20 per cent a year.

A record level of public investment has been maintained, particularly in housing, roads, education and social sciences. This has caused business circles to be wary of the reform measures; they argue that they will be unable to raise capital for private investment if the government continues to absorb all available savings for its own purposes. In response to these complaints, the administration in May, 1966, announced a new investment policy toward industry and commercial agriculture for 1967.

The important fact, however, is that the measures adopted to combat inflation have succeeded in arresting the inflationary spiral. This policy and wage increases of 100 per cent raised the purchasing power of the workers an average of 12 per cent in a year. For-

eign trade developments during 1965-1966 had the result of reversing the country's growing trade imbalance of the previous half a decade, and produced a favorable excess of \$79 million in export earnings.

However, many formidable problems remain. Agricultural production is still failing to keep pace with increasing demands and will force Chile to import greater amounts of foodstuffs. It is estimated that this will mean a 20 per cent increase over the amounts of foreign exchange used to feed the population in 1965. The problem of finding new sources of income appears insoluble. There seems to be no alternative other than to promote the growth of the economy to generate the required volume of savings. Implementation of the agrarian reform program alone is expected to require \$500 million in the next six years.

Significant changes have also occurred on the political stage since the Christian Democratic victory. The two rightist parties, the United Conservative and the Liberal—victims of disastrous electoral defeats in 1964 and 1965—joined last May with a new small conservative group led by Jorge Pratt to form a new organization, the National Party (P.N.). There is little that is new in the ideological postulates of this coalescence of traditional groups and no evidence of a real change of leadership. The new rightist alliance is placing its political hopes on the possibility that popular former President Jorge Alessandri may decide to run again in 1970. The Radical Party, pushed out of the center-left position by the Christian Democratic wave, is undergoing a grave internal crisis. Possibilities of Radical collaboration with the Frei administration or of their joining the rightist forces appear remote. A somewhat substantial portion of the Radical rank and file are inclined toward an alliance with the FRAP. Were this to happen, it would probably lead to a party split of serious consequence. The attitude of the Radical congressional representation toward Christian Democratic policies has varied from total support of the agrarian reform program to limited support on the issues of copper and right of property

and firm opposition to all proposals to extend the powers of the executive.

Although traditionally the Chilean extreme left has been plagued by internal strife and dissension, the two major partners in the FRAP, communists and socialists, managed somehow to adjust their differences and combine efforts after the 1964 defeat. The socialists are dedicated to nurturing their strength among the industrial proletariat while the communists are moving strongly to organize and mobilize the peasantry. FRAP's goal at the present is to arouse suspicions toward the effectiveness of the government reforms, especially the agrarian program. By pointing out the failures of the Christian Democratic regime, the communists hope to maneuver the rural worker into a lasting political identification with their party. As this segment of the population has awakened to independent political participation, the FRAP, and particularly the communists, have increasingly focused their attention on rural problems. The extent and pace of the implementation of agrarian reform are undoubtedly the issues that the left is most likely to grab and exploit to discredit the government.

The Christian Democratic party is also confronting a series of internal problems. Its management of the country has reflected, at times, a certain uneasiness and lack of experience in running the government. Success of the reform program depends naturally on a much needed increase in the efficiency of government. Although the top party leaders are highly capable, the middle cadres of administrative managers sometimes lack this efficiency. The young middle-level party administrators and technicians are usually committed ideologically but lack experience or—if highly skilled—are only superficially committed to the Christian Democratic ideological crusade. This situation often produces serious disparities between top-level decision-making and its implementation.

In addition, as with any movement representative of a cross section of various social groups serving a "national cause," the internal cohesion and discipline which have characterized the Chilean Christian Democratic

Party since its inception have suffered. Fissures have already appeared within the party between the stronger leftist and centrist elements. Some of these tensions originated with acceptance of electoral support from the right in 1964. The expulsion on disciplinary grounds a few months ago of Patricio Hurtado, a prominent leftist party leader, caused a severe strain in party unity.

There are differences between a segment of the party which advocates total identification with the government and unconditional support of its policies and another which claims that the party must not go that far and must maintain a relatively independent position even if this means being critical of the government. There are also differences between the newcomer industrial and commercial factions of the party, generally of conservative inclinations, and the "oldguard" group, many of whom were among the founders of the party, and who are fearful of a possible "sell-out" of the revolutionary aspects of the Christian Democratic ideology. Thus far the party has been able to withstand the strain of internal conflicts, but new cleavages are bound to appear as the elections of 1970 approach.

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Noting that "Brazilian and foreign students of politics alike have often emphasized that Brazilian politics simply will not fit the patterns with which European and North Americans are familiar," this author concludes that "In its paternalistic, moderate style the government has returned to something resembling the monarchy of pre-1889 Brazil."

Brazil's "Revolutionary" Government

By C. NEALE RONNING

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A UNIQUE FEATURE of Brazil's search for political stability during the past two years and several months has been the exploration of various formulae for joint civilian-military participation in government. Subsequent to the coup d'état of March 31, 1964, it was generally assumed (and the pronouncements of the supreme revolutionary command¹ were the basis for these assumptions) that the armed forces would remain in power for the length of time necessary to institute certain reforms, and would then return the government to civilian hands. At that time, an important question was the extent and nature of civilian participation in the "revolutionary government." As time passed and the problem of building consensus within and among both civilian and military groups became more difficult, the scope and nature of civilian participation became more and more narrowly circumscribed. Circumscription of civilian participation has been accomplished by such means as the suspension of political rights, cancellation of electoral mandates, changes in electoral laws—or simply by ignoring the congress if necessary.

Without attempting to list all the characteristics of political stability, we may single

out two as being of particular importance: 1) the ability of an elite to recruit itself (i.e. enter and control entrance into the small circle of those who directly or indirectly exercise power) with a minimum of dissent and 2) the general acceptance of an ideology in the name of which an elite exercises authority. In pre-1930 Brazil, the national elite had been recruited from a small landed oligarchy—with the major share of power held by those in the states of Minas Gerais and São Paulo. As far as the masses of people were concerned, tradition, apathy, electoral fraud and a very limited electorate made it possible for these elites to retain power while governing in the name of the liberal democratic ideology embodied in the constitution of 1891.

The emergence of Getulio Vargas in 1930 and his subsequent consolidation of power were indications that both elements of political stability were in decline. Because of a number of socio-economic changes, a new crop of elites was beginning to challenge the old elites and the traditional ideology. Vargas' doctrine of social reform and his appeal to the "common man" (*o povo*) indicated that masses of people were emerging to whom new elites could turn for support. This process has continued and even accelerated since World War II.

In the 1930's and since, many gains were made in social legislation concerning

¹ Referred to as the "commanders-in-chief" in the first institutional act and the "supreme revolutionary command" in the second institutional act.

minimum wages, working hours, security of job tenure and in many other areas. These gains have applied mainly to urban workers and, accordingly, have helped to widen the differences between rural and urban working conditions. Some development in the field of education has also brought a new awareness of social and political problems to an increasing number of people. In addition, education has greatly increased the size of the electorate (literacy is a requirement for voting in Brazil). In 1945, there were 7.4 million registered voters compared with more than 15.5 million in 1960.²

POPULIST LEADERS

Beginning with Getulio Vargas, populist leaders—the type who claim to be above party or any other group and are pushed into making allies among the masses as a means of gaining power—have become more and more a feature of Brazilian politics. Vargas, Jânio Quadros (president from January to August, 1961), João Goulart (president from 1961 to 1964), Miguel Arrais (leftist governor of Pernambuco, 1963–1964) and Francisco Julião (organizer of peasant leagues in the northeast and a federal deputy from Pernambuco) shared to a greater or lesser degree this common feature.

The process has not gone unobserved by members of the Brazilian armed forces. On several occasions between 1945 and 1964, they intervened when it appeared that one or another faction among contending elites was seeking to gain, perpetuate or enlarge its power in a manner unacceptable to other elites, including the armed forces themselves. Thus they stepped in to prevent what appeared to be an attempt by Vargas to suspend elections and perpetuate himself in office in 1945. In 1955, they stepped in to prevent opponents of Jucelino Kubitschek (1956–1961) from assuming office. In 1961, they intervened to prevent Vice-President João Goulart from assuming the full powers of the presidency after President Jânio Quadros had resigned his post.

² See T. Lynn Smith, *Brazil: People and Institutions* (Baton Rouge: Louisiana State University Press, 1963).

A variety of reasons prompted the armed forces—with broad civilian support—to remove João Goulart from office in March, 1964. Some feared the infiltration of communists and leftists into government and labor unions. Goulart's implicit condoning of insubordination of enlisted men and non-commissioned officers also threatened to destroy military discipline. All this was part of the pattern of the president's inept attempts to play one group against another, a pattern which at times threatened to carry with it the disintegration of government.

In the last months of his administration, Goulart's tactics carried the threat of a mass movement aimed at mobilizing total power behind him. In October, 1963, he asked the congress to declare a state of siege—which it refused to do—and in 1964 he turned increasingly to the technique of using mass demonstrations to bring pressure to bear on congress and his opponents. At a rally on March 13, 1964, about two weeks before the coup, he called for a "populist and nationalist" government and a congress "composed of peasants, workers, sergeants and nationalist officers." This was soon followed by a proposal for voting rights for illiterates, expropriation of property without immediate payment and a suggestion that a national plebiscite should offer all Brazilians over 18 the right to express their opinion on issues. Whatever the desirability, wisdom or need for such measures might have been, there is little doubt that the armed forces and many civilians saw a totalitarian movement in the making. Although some people might not have opposed *all* totalitarian movements, they clearly did not want a leftist one.

Immediately upon removing Goulart from office the commanders of the armed forces announced that not only would they repair the damage done by a government which, they said, had "deliberately sought to bolshevize the nation," but that they would also carry out an authentic Brazilian revolution. This was widely interpreted as only the beginning of a more active political role for the military.

In retrospect, the policies of the Castelo

Branco administration appear to have been not so much steps in an overall, preestablished blueprint but, rather, a series of pragmatic responses to what has been regarded as a continuing national crisis. This may be explained in large part by the wide range in attitudes and political orientation found within the armed forces.³

Out of these pragmatic responses, however, the rough outlines of a framework for civilian participation in a joint military-civilian government have emerged. As was noted above, the civilian side of this joint endeavor has been gradually circumscribed since March, 1964. But the framework, as it appears today, leaves open the possibility for an orderly increase in civilian participation at some undetermined future date.

The evolution of these "revolutionary institutions" can be traced mainly through three institutional acts (April 9, 1964, October 27, 1965, and February 5, 1966) and some 18 complementary acts. The first of the institutional acts was issued by the commanders-in-chief. The others, as well as the complementary acts, have been issued by President Castelo Branco acting in the name of the revolutionary command. In the short term—until March, 1967—the following patterns have evolved:

1) A presidency with greatly expanded powers and headed by a military figure. As of the time of writing all indications are that this pattern will be extended for five years after March, 1967, with Marshal Costa e Silva in office. The president has the sole right to introduce bills in congress which create or increase public expenditures; no amendments increasing his proposals are permitted. The president may declare or extend a state of siege for 180 days. Such a declaration suspends a number of individual constitutional guarantees and further extends the president's powers. With or without a state of siege, after consultation with the national security council, the president may suspend the political rights of an individual for a period of ten years and annul legisla-

tive mandates whether federal, state or municipal.

Without congressional approval, the president may decree federal intervention in a state, to prevent or suppress subversion and to ensure the execution of federal decrees (this in addition to the authorization given in the 1946 constitution). Presidential action taken under the institutional or complementary acts is not subject to judicial review. A federal supreme court with a membership increased from 11 to 16 provides enough new appointees to assure the president of a court sympathetic to the objectives of his government in cases where action might not come under one of the institutional or complementary acts.

2) A congress with greatly reduced powers by virtue of the increased powers of the presidency, the explicit limitations placed on it and the threat of cancellation of mandates if necessary.

3) Expanded functions and powers for tribunals and other bodies in which the military play a dominant role. A superior military court made up of ten members chosen from the armed forces and five civilians is empowered to judge civilians, including state governors, for crimes against national security and military institutions. Its authority prevails over that established in other legislation for similar cases.

The importance of the national security council has been greatly expanded. This body was actually provided for under the 1946 constitution and its membership includes the president, vice-president, all ministers of state, the chief of the armed forces general staff, the army, navy and air force chiefs-of-staff and the commanders of the major military commands. The removal of major public officials from their posts, the suspension of the political rights of an individual and the cancellation of legislative mandates are carried out by the president after consultation with the national security council. Many important executive decrees have been issued "after consultation with the national security council" and the constitutional amendments recently proposed by a special commission of

³ Stenio de Evião, "Un militarismo especial," *Panóramas*, No. 10, July-August, 1964, pp. 73-85.

jurists appointed for this purpose will be submitted to that body for consideration and consultation.

4) A reorganized political party system to insure a majority party. This was accomplished by abolishing the existing political parties and requiring that future parties have a minimum of 120 representatives in the lower house of congress and 20 senators in order to be recognized by law. Members of congress not belonging to a legal party will not be permitted to run for election. This was obviously aimed at establishing a two-party system in place of the multi-party system and, presumably, at bringing discipline (almost completely lacking in the past) into party organizations.

Under the guidance and supervision of the ministry of interior a group declaring its support for the present government and called the National Alliance of Renovation (ARENA) was organized as something of an "official party." In the existing, much-purged congress this group has held a majority of seats. Another group, presumably a "loyal opposition," was organized under the title of the Brazilian Democratic Movement (M.D.B.).

5) Selection of the most important executive officers in the country (president and vice-president, state governors and prefects of state capitals) indirectly. The president of the republic was elected on October 3, 1966, by a majority vote of the national congress. Since ARENA commanded a majority and since the M.D.B. did not submit a candidate, the election of Marshal Costa e Silva was assured. The legislatures of the 12 states where governors were up for election elected governors from ARENA on September 3. Cancellation of mandates of opposition members in states where ARENA was not assured of a majority had guaranteed these results in advance. Governors appoint the prefects (mayors) of the state capitals—most of the important cities in Brazil.

6) A popularly elected congress, but one elected from restricted slates of candidates. Congressional elections are set for November 15 and elections are to be by direct vote. But

many would-be candidates who have had their political rights suspended will of course be eliminated in advance. The threat of further suspension of political rights or the cancellation of future mandates discouraged candidates considered dangerous by the present administration.

7) The incorporation into the constitution of 1946 of those parts of the institutional and complementary acts deemed essential to the "revolution of 1964." When completed, presumably in December, 1966, or January, 1967, this will probably be one of the more important acts of the present administration.

If everything proceeds according to schedule, what is assured is a military president for the next five years and a strong majority of state governors supporting the present government. The extent to which the new congress (taking office March 15, 1967) might be able to create problems for the future president and state governors will depend on the powers left to that body by the proposed amendments. It is perhaps of some significance that the proposed amendments are not scheduled for approval by the present congress until the composition of the next congress is known.

ECONOMIC REFORM

In addition to altering the institutions of government, the Castelo Branco administration has given some attention to creating the social and economic conditions deemed essential to political stability. These measures may be grouped roughly into two categories: 1) measures to encourage private (foreign and domestic) initiative and stimulate the economic growth of the country, and 2) measures to bring about reforms in the economic and social structure of the country. Of the two, the former has received the most attention.

In its economic policies the government has emphasized controlling inflation, encouraging foreign investment and tax reform. Although inflation has continued, the rate of increase has at least declined. According to the Getulio Vargas Foundation, the cost of living in 1964 increased by 86.6 per cent

while in 1965 the increase was 45.4 per cent. The increase in the cost of living for 1966 was expected to be less than that of 1965 although the reduction would be less notable. Figures for the state of Guanabara (the city of Rio de Janeiro and its environs) showed a rise of 28.7 per cent for the first seven months of 1966 compared with 32.9 per cent for the same period in 1965. Wage increases have been granted and minimum wages have been increased but the real effect of these increases is difficult to determine. Most independent observers seem to agree that wage increases have not kept up with the increased cost of living and that labor has been forced to accept more than its share of the burden in fighting inflation.

Tax reform, as embodied in a constitutional amendment of December 1, 1965, has emphasized regularization or rationalization of the tax system, that is, removal of overlapping taxes and taxes that obstruct trade among the states, better administration, a firmer policy in tax collection and a more equitable distribution of the proceeds of taxes between the federal government, the states and the municipalities. According to government reports, tax revenue in 1965 was nearly double that of 1964 with the largest single increase (111 per cent) from income tax.

Economic growth, although not spectacular, has continued. An increase of 5 per cent was estimated for 1965 but the Federation of Industries of the state of Guanabara stated that the figure should be treated with reserve inasmuch as it was due in large part to a high rate of growth in agriculture and particularly in the production of coffee. The government's ministry of planning estimated a rise of 6.4 per cent but showed a 13.9 per cent increase in the agricultural sector and only a 1.7 per cent increase in industry.

In the area of social reforms, a modest start has been made but results are as yet impossible to measure. Although a land reform statute was passed in the fall of 1964 and Castelo Branco has issued a number of decrees intended to implement the provisions of the land statute, most action has thus far been centered around agricultural studies,

surveys and a rural property census. In the fall of 1965, Castelo Branco signed a decree granting each sugar worker with more than one year's service the right to a grant of up to two hectares (about 5 acres) of land as close as possible to his house. To the extent that it will be possible to implement this decree, it could bring about important changes in the northeast.

One of the traditional problems in Brazilian public administration has been the loss of public funds at various points between their appropriation and the actual implementation of the projects for which they were appropriated. The national congress often served more as a place to divide public funds among federal and state politicians than as a policymaking body. In an attempt to curb these practices, the first institutional act reserved to the president the right to increase public expenditures and added that no amendments would be permitted to increase the expenditures proposed by him. Apparently members of congress had found ways of circumventing this prohibition inasmuch as complementary act number 18 issued August 2, 1966, extended it to include amendments to the national budget, transfers from one section or subsection to another, or the granting of funds for projects not approved by the competent federal entity or by the president. These provisions were also extended to apply to amendments to budgets by state governments.

One of the more interesting features of
(Continued on page 309)

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Viewing the recently-installed military regime in Argentina, this observer finds that "the initial widespread enthusiasm . . . is beginning to wane." Most Argentines, he continues, "have new confidence in their government, but inflation continues, the country is divided . . . and the government has set forth no specific programs. . . ."

Argentina: Search For Consensus

By SAMUEL L. BAILY

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ON JUNE 28, 1966, the heads of the three Argentine armed services—Lieutenant General Pascual Angel Pistarini, Rear Admiral Benigno Ignacio Varela and Brigadier Adolfo Teodoro Alvarez—overthrew the hapless 32-month-old regime of Arturo Illia. They persuaded Lieutenant General Juan Carlos Onganía to accept the presidency and the next day turned the government over to him. Once more the military had assumed political leadership of the country.

Since 1930, when General José F. Uriburu overthrew the elected government of aging Hipólito Yrioguen, the Argentine armed forces and particularly the army have acted as the self-appointed custodians of the general welfare. Time and again they have intervened in order to establish political stability and to solve the economic and social problems confronting the country, later turning the government over to elected civilian leaders and then, after a period of time, intervening once more to settle things anew. Coups have been more common than elections in Argentina; military men have run the country for 23 out of the last 36 years and all governments have been beholden to the armed forces at least to some extent.

There is no simple explanation as to why the armed forces have intervened so frequently in Argentine political life during the

past three and a half decades. One important reason has been the failure of civilian rule. But underlying this and the other specific causes of military intervention is the pervasive fact that in Argentina there is no broad consensus on fundamental values and procedures. The Argentines are a divided people and most groups do not think any other is able to rule for the benefit of all. There is no widely supported institutional mechanism for solving disputes among the various elements of society; many do not consider the courts and the government impartial. As a result, when a major crisis does develop the military steps in to defend what it considers to be the interests of the community as a whole although, in fact, very often it is acting in behalf of only one or two segments of society.

During the latter part of the nineteenth century, agricultural-exporting Argentine society had developed a consensus on the basis of liberal economic and political ideas. But, during the early part of the twentieth century, modernization, industrialization and urbanization brought forth new groups with new values and ideas to challenge the old. Modernization produced middle and lower sectors within the traditional agricultural society and destroyed the consensus which bound it. The recent coup is but one manifestation of the search for a new consensus.

RATIONALE FOR REVOLUTION

The charter of the revolution, read in Government House on June 29 at the time Onganía assumed power, suggests some of the reasons for the coup. According to this document, President Illia had dissipated widespread confidence in his regime primarily because of his "crude electoral expediency." He had used the state-owned enterprises (the railroads, the airlines, the oil industry, the telephones) to win votes and other political advantages, brought on rampant inflation, provoked further division of the people, allowed the loss of international prestige and permitted a state of anarchy to develop.

The military, according to its own statements, had overthrown the government because Illia had brought economic and social hardship on the people and had in the end ceased to rule. An examination of the 32-month rule of Illia serves to put these charges into perspective.

From the very beginning the Illia government faced major problems it was unable to overcome. Illia, the candidate of the Peoples' Radical Party, took office on October 12, 1963, after winning the election with only 25 per cent of the popular vote. To make matters more difficult, he attempted to build up his own party and disregarded offers of collaboration from the other parties whose votes in the electoral college had given him a majority. In addition, Illia came to power without any very clearly defined program. He had pledged to annul the contracts with the foreign-owned oil companies, to withdraw from the International Monetary Fund and to restore the integrity of the government, but this was scarcely a program of action. Thus it is not surprising that he achieved so little.

ECONOMIC CONSIDERATIONS

Economic problems were among the most serious facing the country. Although in the past two and one-half years both the growth rate of the economy and foreign trade have increased, this has been more than offset by the large domestic and foreign debts. The domestic fiscal deficit, caused in large part by the inefficient operation of the state-owned

enterprises, has been running at a rate of approximately three-quarters of a billion dollars annually since Illia took office.

The state-owned and -operated railroads, the largest single debt item, have run up a deficit of nearly one-third of a billion dollars annually for several years. To deal with this problem the Illia government drew up a four-year railroad development plan designed, through a gradual reduction in the work force, to reduce the operating deficit by 42 per cent. The large and powerful railroad unions opposed the plan and after postponing a decision for several months, Illia permitted the deletion of most of the controversial sections dealing with personnel. In effect this emasculated the plan and ended hope for a reduction in the operating deficit of the railroads.

Argentina also has a large foreign debt amounting to \$2.1 billion of which \$600 million falls due this year. At the end of 1965 there was some talk of trying to meet with the world financial sources to settle the matter, but by the end of June, 1966, the government had still made no progress with this problem.

Faced with these debts the Illia government resorted to inflationary borrowing and the issuance of unsupported paper currency. Because of this and low industrial productivity, the cost of living increased steadily; it rose 18 per cent in 1964, 29 per cent in 1965, and will most likely rise about 30 per cent in 1966. As a consequence the peso has repeatedly been devalued, dropping a total of 18 per cent in 1965 and 8 per cent during the first six months of 1966.

The Illia government further stimulated inflation by disregarding its own wage-price guidelines. The government repeatedly stated that wages would be permitted to rise no more than 15 per cent in a year and the cost of living no more than 12 per cent. But with the cost of living rising at about the rate of 30 per cent per year, the government had to permit wages to increase at about the same pace. So it was that, despite substantial growth, government economic policies produced tremendous deficits and crippling inflation.

POLITICAL PROBLEMS

Politically the government did not fare much better than it had economically. The major political problem for Illia, as it had been for his predecessors, was what to do with the 25 to 40 per cent of the electorate that still supported the former dictator, Juan D. Perón. If the government gave them free reign, they would in all probability win many important elections and might attempt to reestablish some kind of dictatorship. On the other hand the Peronists constituted a substantial portion of the electorate and therefore had to be permitted some form of political expression if Argentina was to call itself a democracy.

During the Illia administration the Peronists were divided into several groups including the Partido Justicialista, the Partide Unión Popular, the Peronist Women's Sector, a group of Provincial Peronist Parties, and the "62" Peronist labor unions. The best organized and most powerful sector was the "62," under the leadership of the metallurgic worker, August Vandor. In 1965, after a futile year-long obstructionist campaign which included the occupation of factories and Perón's frustrated attempt to return to Argentina, the Peronists shifted to more moderate tactics. They participated in the March, 1965, election, winning 44 of the 99 contested seats for the national chamber of deputies, and then attempted to unite and strengthen the formerly divided movement.

Perón, however, did not want his followers in Argentina to unite under the leadership of Vandor because such a step would undoubtedly have diminished his control over the movement. He therefore sent his third wife, Isabel Martínez, to Argentina to undermine Vandor's influence and to reassert his own position of leadership. From the day of her arrival in October, 1965, until her departure in July, 1966, Isabel created a disturbance wherever she went. More important, she succeeded in dividing the dominant labor sector—the bastion of Vandor's strength—

something Perón's adversaries had failed to do in ten years. As a result of her maneuvering the Peronist labor sector divided into two groups: the regular "62" Peronist unions or *Vandoristas* and the "62" *De Pie Junto con Perón* (Stand Up For Perón) or *Alonsistas*¹ or *Isabelistas*.

The two Peronist blocs have been struggling for supremacy ever since and, although the Alonso-Isabel group outpolled the Vandor-supported candidate in the April, 1966, elections in the Province of Mendoza, the *Vandoristas* remain the most powerful group.

President Illia employed a dual approach toward his Peronist rivals. On the one hand, he permitted and encouraged them to abandon their semi-subversive obstructionist tactics and instead to work for their goals within the institutional structure of the country. On the other hand, he attempted to undermine Peronist political power and sought to represent his own Peoples' Radical Party as the only effective democratic alternative to "totalitarian" Peronism.

In 1966, however, Illia's strategy toward the Peronists seemed to backfire. At the time of the Vandor-Alonso split, when the Peronists were presumed to be helpless to fight back, Illia issued a decree regulating the enforcement of the eight-year-old *Ley de Asociaciones Profesionales*. This decree prohibited any political activity in the unions, provided for an open shop and for government control over union funds, permitted more than one union to represent the workers in a given field, set up new rules for union elections, provided that strikes be called only after a vote of the full membership, and encouraged a federal rather than a central organization of labor by giving greater autonomy to local unions.

Although divided, the labor movement strongly opposed the new decree and the Peronists were able to attack the government in a way Illia had not anticipated; with their 52 representatives in the chamber of deputies they further delayed the passage of the already late budget, thereby placing pressure on the weak economy and undermining what little political prestige Illia had.

¹ Named for José Alonso who, during this maneuvering for control, was dismissed as secretary general of the powerful Confederación General del Trabajo (C.G.T.) at Vandor's instigation.

The matter was particularly serious for a number of reasons. First, tax increases in Argentina are not retroactive and so the government lost precious new anticipated revenue. Second, the resulting shortage of money forced the government (for the first time since coming to power) to fall behind in the payment of salaries and pensions in the state-owned enterprises. Third, Illia's inability to win the passage of his budget revealed just how politically weak his regime was.

Illia's electoral strategy also backfired. For a time he was mildly successful in portraying the Peoples' Radicals as the only alternative to Peronism, but the Peronists soon gained more support than the president had anticipated—winning seven of the last eight provincial elections—and the Peoples' Radicals lost votes to the smaller parties.

The May 29, 1966, election in the Province of Catamarca was indicative of Illia's political miscalculations. The Peronist Unión Justicialista won the election with 45 per cent of the vote. Comparing the 1966 with the 1965 elections, the Peoples' Radical Party lost a considerable percentage of the vote, the Peronists stayed about the same, and the smaller parties gained what the government party had lost. Perhaps most important, the Peoples' Radicals—confident that they would win the election—pushed through a local electoral reform law which gave the majority party 60 per cent of the seats in the legislature and the next largest party 40 per cent. Thus the Peronists, with 45 per cent of the vote—but nevertheless the majority party—gained 60 per cent of the seats in the legislature and took decisive control of the state government.

The Peronists, never particularly warm toward the president, grew hostile toward him during the first six months of 1966. Perhaps their feelings were best expressed by the fact that they circulated a petition in the national congress calling for the impeachment of Illia on the grounds that he lacked the personal authority to rule. Illia and not the Peronists had been out-manuevered.

THE ROLE OF BUSINESS

Business too became increasingly antagon-

istic toward the Illia government. The industrialists represented by the Unión Industrial Argentina were concerned about the effects of inflation, government inefficiency and corruption in the running of the state-owned enterprises, and also about restrictions on the importation of needed machinery and parts. Businessmen attacked the government's wage-price policy claiming that because it dealt with the effects rather than the causes of inflation it was ineffective as an anti-inflationary measure. And they criticized the government for "giving in" to the wage demands of state-employed personnel.

Many businessmen rebelled against government policy. Some expressed their feelings of discontent to the military and demanded remedial action. Others refused to pay taxes or to contribute to social security and pension funds administered by the state. By the end of June business groups owed approximately \$350 million in back taxes and \$550 million for social security and pension funds; a total sum more than double the annual operating deficit of the railroads.

The armed forces also became disenchanted with Illia. Somewhat ironically, General Onganía, the man who replaced Illia as president, had been largely responsible for Illia coming to power and remaining there as long as he did. However, he and others became concerned about the growing strength of the Peronists and the communists and also resented Illia's refusal to join the anti-communist Inter-American Peace Force in the Dominican Republic. They were alarmed, too, by government inefficiency and corruption and by the rapid and apparently uncontrollable inflation.

The difficulties between Illia and Onganía came to the surface on November 22, 1965, when Onganía submitted his resignation. He claimed that he had resigned because Illia had filled the vacant post of secretary of war with a man of inferior military rank—Brigadier General Eduardo Rómulo Castro Sanchez—without consulting him. But Onganía's dissatisfaction with the economic and political situation, particularly the developing state of anarchy, played a large part in his decision.

THE COUP

Rumors of a coup circulated widely during the early months of 1966 and in April the general staff of the army felt compelled to make a public announcement that its members did not believe a military government was the solution to Argentina's problems. It did, however, express publicly for the first time its displeasure with the deteriorating economic situation. More importantly, in a speech delivered on May 29 with Illia on the platform, Commander-in-Chief of the Army General Pascual Pistarini charged that the government had done little to advance the economy and had permitted growing social unrest to "threaten the foundations of society." He then went on to talk about the armed services' responsibility to protect the general welfare of the country. Following this speech, the armed forces submitted a memorandum to the president outlining the reforms they felt had to be acted upon immediately.

In response to this threat Illia did little to bring about any reforms. He called a cabinet meeting, the second during his 32-month administration, but nothing came of it. Instead he sought to forestall a coup by political maneuvers. He embarked on an extensive speaking tour to various parts of the country denying the rumors of an imminent coup and stressing the inviolability of constitutional government. In addition, members of his party approached several military men in an apparent effort to divide the armed forces and to bring about some kind of compromise. These efforts failed and by 11:00 a.m. on June 28 the military had gained complete control of the country without firing a single shot.

Most of the public responded favorably to the Onganía government. It represented an end to the anarchy created by Illia's inability to rule and many believed that Onganía could solve some of the chronic economic and social problems facing the country. Business and labor supported the new government and representatives of both attended Onganía's brief inaugural ceremony. In fact there were plausible rumors to the effect that labor had

made a deal with the military not to strike or oppose the government in return for support in solving its own problems. And all branches of the military supported the government.

THE NEW REGIME

Nevertheless, as this article is written, the new government has done remarkably little. According to a number of reports the leaders of the regime plan to stay in power ten years in order to bring about the fundamental changes they think are necessary. But as yet they have given little indication as to what these fundamental changes should be.

Although at this early date the philosophy and the program of the new government are not clear, it is possible to point out some of its basic characteristics. First of all, General Onganía and his associates are Catholics and highly moralistic men. They are defenders of the Western Christian tradition as they understand it and they believe that "Godless, atheistic Communism" is the greatest threat to the country.

Yet to label the regime Catholic and moralistic is not sufficient because the Catholics behind the regime are divided into two and possibly more groups. On the one hand are the conservative and ultra-right-wing Catholics, who are the most religious and moralistic and who have the least sympathy for the lower classes. On the other hand are the moderates and the Christian Socialists, who are less formally religious and who have a deeper concern for social problems and for the lower classes. At the moment the latter group predominate numerically, but the former still hold important positions and exert considerable influence on the president.

A second characteristic of the regime is its nationalism. Onganía has given high priority to national unity as well as to the recapturing of international prestige. Most significantly, he has refused to declare himself either for or against Peronism and seems anxious to incorporate the Peronist workers into the rest of Argentine society.

A third characteristic of the regime is its emphasis upon economic development and efficiency. With regard to economics the

regime is liberal and will attempt to promote development through greater efficiency and reliance on the private sector of the economy; most of its appointees are men of high technical ability, and efforts will be made to reduce the staff of the government agencies and to place the state-owned enterprises on a paying basis.

Finally, the military regime favors cooperation with the West in international affairs. It is particularly anxious to work out some kind of hemispheric alliance against communism.

The Onganía regime has restored confidence in the authority and integrity of the Argentine government, but most of what it has done so far has been negative. It uprooted the entire political structure; it dismissed the president, the vice-president, the cabinet, the governors and vice-governors of the provinces, and the justices of the supreme court; it dissolved the national congress, the provincial legislatures and all political parties; and it put into effect the charter of the revolution as a document commanding loyalty superior to the constitution. It arrested a number of people connected with the Illia government and all sorts of "leftists." It intervened in the national universities—which its leaders apparently believed were a major source of atheism, liberalism and Marxism—ended their traditional autonomous status, and forced the rectors to swear allegiance to the new government. As a result a large number of professors and administrators resigned and many have left or are planning to leave the country. It closed down the satirical magazine *Tia Vicenta* because it criticized the regime and it suppressed the extremist Peronist magazine *Retorno*.

With regard to economics, the government has as yet done little to overcome the major problems facing the country. The situation is roughly the same as it was under Illia; the large foreign and domestic debts remain, productivity is low, and inflation is rampant. The government has brought the credit co-operatives under the control of the central banking system and it has begun to reform the administration of the state-owned enter-

prises. But at the same time it has been forced to devalue the peso by 6.5 per cent, to grant wage increases in the neighborhood of 30 per cent, and to promise labor that the railroad reform will be a gradual long-term project.

The Onganía regime has restored the authority of the government, but the initial widespread enthusiasm that greeted it is beginning to wane. All sectors of labor are protesting the continuing inflation. Business is concerned because Onganía has not yet demonstrated his ability to curb the labor unions, to limit inflation, or to run the state-owned industries effectively. There is evidence of minor discontent within the military due to the attack on the universities, "yielding" to labor, currency devaluation and inflation. Even the Church has become somewhat disenchanted with Onganía and has pointed out that it has no connection with the new regime.

It is difficult to predict what will happen in Argentina in the next few years. Most Argentines have new confidence in their government, but inflation continues, the country is divided—even the groups supporting the regime are divided, and the government has set forth no specific programs for reforming and uniting the country. Onganía has provided the temporary stability of the military ruler, but he has not yet brought the genuine stability that comes from democratic government representing a genuine consensus. If he is able to stay in power ten years as he hopes, perhaps Onganía will be able to achieve this. Meanwhile, the search for consensus continues and the task of creating it remains formidable.

Samuel L. Baily spent 1959 in rural Mexico and 1963 in Argentina doing research, on a grant from the Rockefeller Foundation. He is the author of *Nationalism and Organized Labor in Argentina*, to be published by Rutgers University Press in the spring of 1967, and is currently editing another work on nationalism in Latin America to be published by Alfred Knopf in 1968.

CURRENT DOCUMENTS

On the Alliance for Progress

Celebrating the fifth anniversary of the Alliance for Progress, President Lyndon Johnson described its accomplishments in a speech in Washington, D. C., August 17, 1966. Excerpts of his address follow:

* * *

In a few months the Presidents of the American republics will meet to establish the priorities for the years that are ahead of us. Our Governments are carefully and today thoroughly preparing the agenda for that conference. Some of the areas of very special concern are already emerging.

First among these is the economic integration of Latin America. The question is whether progress lies ahead in unity or in isolation. Our sister republics in Latin America must decide that question and they must decide it for themselves. For our part we deeply believe that effective unity and not separation is vital to the needs of expanding population. . . .

The path to economic unity and growth is manifold. We must first concentrate on those assets within our reach that are not being used to full advantage.

For instance, there are lands that are lying fallow or failing to yield their potential at the moment because of the inadequate techniques or because there's too little fertilizer or because there is not enough equipment.

There are factories that are standing idle or operating at reduced capacity because production is inefficient. The national market may be too small or the purchasing power may be too little.

There are human resources that are unused because of the shortage of jobs or the absence of skills. . . .

All of us know that education is primarily a national task to be done with local resources. But there are endeavors where more

is needed and where the alliance must help: school construction, teacher training, improved administration.

There is also the frontier of agriculture. For too many years we have acted as if the road to prosperity runs only through the main streets of our large cities.

Now we know that national prosperity is closely linked to the land and closely linked to those who cultivate the land.

In most Latin-American countries, it is in urban areas where poverty and despair catch our eye. But half of the people live in rural Latin America and half of them receive less than a quarter of the entire national income.

There is no reason why the land of the hemisphere cannot be made to fill the needs of our homes and our factories. There is no reason why rural populations should not be full partners in modern economic life. And looking beyond our hemisphere, there is no reason why the Americas cannot supply a larger share of the growing world market for food and for fiber. . . .

And in these Americas, where by solemn treaty and by established practice our Governments are bound to resolve disputes by peaceful means, we just must find a way to avoid the cost of procuring and maintaining unnecessary military equipment that will take clothes off the back and food away from the stomach and education away from the minds of our children.

Well, these are some of the basic tasks—and only some—which lie before us as we try today to fulfill the promise of the modern world in which we are so privileged to live. . . .

BOOK REVIEWS

ON LATIN AMERICA

NEW PERSPECTIVES OF BRAZIL.

EDITED BY ERIC N. BAKLANOFF. (Nashville, Tenn.: Vanderbilt University Press, 1966. 300 pages, introduction, bibliographical notes and index, \$7.50.)

Ten scholars have contributed essays to this symposium on Brazil which focuses on the economic, political, social, demographic, psychological and linguistic elements that have contributed to the country's development since World War II. John W. F. Dulles deals with the political events following the return to constitutional government in 1946. Juarez R. B. Lopez examines some of the changes that have taken place in Brazilian politics and society and concludes that "the short-run prospects seem to be for an eclipse of the politics of populism and a resulting slowing down of the disintegration process of the patrimonial organization in Brazil." Vladimir Reisky de Dubnic outlines trends in Brazilian foreign policy.

The editor of this study, Eric N. Baklanoff, writes on foreign private investment and the industrialization of Brazil and describes the various forms of Brazilian nationalism which have opposed foreign investments. Werner Baer discusses the various socio-economic imbalances which have been brought about by Brazil's rapid industrialization. Changes in the geographic distribution of population in Brazil are treated by Roland E. Chardon. Armin K. Ludwig writes of the variety of developments engendered by the creation of Brasilia. Emilio Willems describes the religious movements which are effecting social change in Brazil, tracing their origins to native Indian beliefs, to Africa, to Protestantism and to the Brazilian Catholic Church. John F. Santos, in his essay entitled "A Psychologist Reflects on Brazil," relates aspects of Brazilian behavior to the

social system. Earl Thomas describes trends in the development of the Portuguese language as spoken in Brazil. In a postscript the editor points out that the future of Brazil will be dependent on her politicians, business managers, military officials and intellectuals and their capacity for leadership which "will be repeatedly challenged by the tensions arising out of the conflict between the values and behavior patterns of Brazilian traditional society and the requirements imposed by modernization." —Mary Anderberg

THE POLITICAL SYSTEM OF CHILE.

BY FEDERICO G. GIL. (Boston: Houghton Mifflin Company, 1966. 313 pages, preface, map, charts, selected bibliography and index, clothbound edition, \$4.95; paperbound edition, \$2.95.)

Professor Gil has provided an excellent and comprehensive description of the political system of Chile and the social, economic, physical and cultural factors which have shaped it. Chilean resources, agriculture, mining, industry, the banking and tax systems and public spending are treated. The historical pattern of Chilean political development since colonial days is traced and Chilean governmental and political processes, as well as electoral procedures and the party system, are outlined. Particular attention is given to three presidential elections that can be considered turning points in the country's political history.

In summary, this expert says that "Chile today is a stagnant country. . . . Unemployment and unproductive employment have grown. . . . Agriculture has not expanded as rapidly as the population . . . not enough food is produced. . . . The country supports a social security system that is burdensome. . . ." However, counterbalancing these problems is the strength of Chile's political system.—M.A.

COLOMBIA

(Continued from page 283)

socio-economic fabric will require "re-weaving."

However, the fundamental economic situation is not entirely grim. To begin with, Colombia is blessed with "adequate" to "excellent" resources. Power possibilities, minerals including oil, and a wide variety of climate are the basic endowment. There is a small but excellent industrial base; the modernization of agriculture has begun, so that what is required is not so much "innovation" as "reorganization." There is, furthermore, a strong entrepreneurial group which can be expected to undertake the requisite changes in the private sector when these appear propitious. Finally, Colombia is less dependent on imports than are other countries at a similar stage of development.

STABILITY FOR COLOMBIA?

It is difficult to imagine or to predict stability in Colombia's future. The status quo is neither defensible nor tenable economically or politically.

In the short-run, the Frente Nacional must lay aside its petty bickering and *lead* the country or it will destroy itself. Even if the Frente were tomorrow to undertake vigorously and unanimously a first-rate development plan, it is far from certain that enough could be done quickly enough to stave off its own dissolution.

Should the traditional parties undertake a development plan which revolutionizes the economy, it would clearly require the destruction of the political status quo. Colombia would perforce become a nation more urban than rural, more industrialized than agricultural, more nearly a nation of middle classes than one of an elite and poor, ignorant masses. Dispersion of economic power and, more important, dispersion of political power would be bound to occur. Desirable though such change may be, it does not portend po-

litical, economic, social or cultural *stability*. However, what one fears—as one observer has put it—is that "nothing will happen other than a decline in productivity, a continued swelling of the population, a loss of hope, and the slipping away of any chance to build a tolerable society."²¹

BRAZIL

(Continued from page 300)

the "revolution" proclaimed in 1964 has been the virtual absence of any attempt to mobilize popular support. There is no propaganda ministry, no official press, no indoctrination in the schools, nor has the government seen fit to develop an official ideology. Neither has there been any comprehensive statement of a program, which has distinguished such groups as the *Apristas* in Peru, *Acción Democrática* of Venezuela or the Christian Democrats of Chile. Although there have been periodic references to "the revolution" and to "national development," there has also been a singular lack of the slogans which characterized the Mexican revolution.

Instead of the tactics which have become characteristic of twentieth century revolutions and pseudo revolutions alike, the present Brazilian leaders have apparently chosen to allow the results to speak for themselves. But if this is the case, clearly there have been doubts as to how the voters would evaluate them at this point. They have, accordingly, chosen not to submit their program to a test of popular approval in the most important national and state elections.

The government at first sought legitimacy in what, under the circumstances, may have turned out to be two mutually antagonistic sources: revolution and democratic institutions. The preservation of democratic institutions, even circumscribed as they were from the beginning, turned out to be an obstacle to the government's reform measures and it gradually was deemed necessary to circumscribe their operation more and more. As a result, it has been forced repeatedly to show its authoritarian side, thus making it

²¹ Richard Eder, *op. cit.*, pp. 36–38.

more and more difficult to claim legitimacy on the basis of democratic institutions. At the same time, the "revolution" has not "acted like a revolution." Although it may very well have instituted some changes which *in the long run* will prove to be truly revolutionary, it would be difficult to point to any program which has earned it widespread popularity with the Brazilian masses. It has also become increasingly isolated from some of its original supporters. This, however, might turn out to be one of its strengths. To the extent that it is not identified with any particular groups or interests its legitimacy might rest on the fact that it stands above and mediates among conflicting interests and groups rather than representing any particular interests or groups.

In its paternalistic, moderate style the government has returned to something resembling the monarchy of pre-1889 Brazil. It is interesting to note that Vargas, who proclaimed a revolution more than 30 years ago, was also forced to do this although he relied on a more personalistic and populist style and soon abandoned the technique of presenting a facade of democratic institutions. In retro-

spect, however, important social and economic changes were brought about by his administration. Brazilian and foreign students of politics alike have often emphasized that Brazilian politics simply will not fit the patterns with which European and North American observers are familiar. Perhaps the Brazilian tradition of pragmatism, moderation and compromise allows for a distinctly "Brazilian" revolution which incorporates traditional aspects of Brazilian politics.

VENEZUELA

(Continued from page 290)

will be a period of active politicking and talk of a possible governmental overthrow. A golpe is most unlikely. Increasingly, in the non-political arena confidence is expressed that the country possesses the money and skills that are needed for the future, and that stability is Venezuela's greatest need. After over 140 years of independence spotted by intermittent dictatorial regimes, Venezuela seems to most observers one of the most hopeful countries in Latin America today.

STATEMENT OF OWNERSHIP, MANAGEMENT AND CIRCULATION (Act of October 23, 1962; Section 4369, Title 39, United States Code). 1. Date of filing: September 30, 1966. 2. Title of publication: CURRENT HISTORY. 3. Frequency of issue: monthly. 4. Location of known office of publication (Street, city, county, state, zip code): 1822 Ludlow St., Phila., Pa. 19103. 5. Location of the headquarters or general business offices of the publishers (not printers): 1822 Ludlow St., Phila., Pa. 19103. 6. Names and addresses of publisher, editor and managing editor: Publisher, Daniel G. Redmond, Jr., 1642 Monk Rd., Gladwyne, Pa.; Editor, Carol L. Thompson, 12 Old Boston Rd., Wilton, Conn.; Managing editor, none. 7. Owner (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding 1 per cent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a partnership or other unincorporated firm, its name and address, as well as that of each individual must be given.): Current History, Inc., 1822 Ludlow St., Phila., Pa.; Daniel G. Redmond, Jr., 1642 Monk Rd., Gladwyne, Pa.; Shelby Cullom Davis, 116 John St., New York 38, N. Y. 8. Known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages or other securities (If there are none, so state): Daniel G. Redmond, Jr., 1642 Monk Rd., Gladwyne, Pa. 9. Paragraphs 7 and 8 include, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, also the statements in the two paragraphs show the affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees hold stock and securities in a capacity other than that of a bona fide owner. Names and addresses of individuals who are stockholders of a corporation which itself is a stockholder or holder of bonds, mortgages or other securities of the publishing corporation have been included in paragraphs 7 and 8 when the interest of such individuals are equivalent to 1 per cent or more of the total amount of the stock or securities of the publishing corporation. 10. This item must be completed for all publications except those which do not carry advertising other than the publisher's own and which are named in sections 132.231, 132.232 and 132.233, Postal Manual (Sections 4355a, 4355b, and 4356 of Title 39, United States Code). A) Total no. copies printed (net press run): 31,500 (average no. copies each issue during preceding 12 months); 32,000 (single issue nearest to filing date). B) Paid circulation—1) Sales through dealers and carriers, street vendors and counter sales: none (average no. copies each issue during preceding 12 months); none (single issue nearest to filing date). 2) Mail subscriptions: 30,026 (average no. copies each issue during preceding 12 months); 29,509 (single issue nearest to filing date). C) Total paid circulation: 30,026 (average no. copies each issue during preceding 12 months); 29,509 (single issue nearest to filing date). D) Free distribution (including samples) by mail, carrier or other means: 691 (average no. copies each issue during preceding 12 months); 191 (single issue nearest to filing date). E) Total distribution (sum of C and D): 30,717 (average no. copies each issue during preceding 12 months); 29,700 (single issue nearest to filing date). F) Office use, left-over, unaccounted, spoiled after printing: 783 (average no. copies each issue during preceding 12 months); 2,300 (single issue nearest to filing date). G) Total (sum of E and F—should equal net press run shown in A): 31,500 (average no. copies each issue during preceding 12 months); 32,000 (single issue nearest to filing date). I certify that the statements made by me above are correct and complete.

D. G. REDMOND, JR., Publisher

THE MONTH IN REVIEW

A CURRENT HISTORY Chronology covering the most important events of September, 1966, to provide a day-by-day summary of world affairs.

INTERNATIONAL

Commonwealth of Nations

(See *United Kingdom, Great Britain*)

International Monetary Policy

Sept. 5—In its annual report, the International Monetary Fund indicates that the U.S. should try to improve the balance of international payments by restraining its inflation. It states that U.S. and British measures to restrict the outflow of their money have hindered "global economic growth."

Sept. 13—The U.S. Federal Reserve Board, the Bank of England and other nations' central banks reveal that they will expand the credits they offer one another, in order to avoid currency crises.

Sept. 23—The International Monetary Fund announces that virtually automatic loans are now available for countries that suffer a sudden economic misfortune or natural calamity.

North Atlantic Treaty Organization (NATO)

Sept. 7—France tells the NATO Council that at the end of 1966 it will stop paying its share of NATO military expenses (with a few specific exceptions).

Sept. 23—U.S. Secretary of Defense Robert McNamara tells NATO officials that the U.S. has an inventory of 7,000 nuclear weapons for NATO forces in Europe—an increase of over 100 per cent since 1961.

United Nations

Sept. 1—Secretary-General U Thant refuses to be available for a second term as secretary-general; he plans to retire November 3.

Sept. 18—In the introduction to his annual

report, U Thant says that the real issue in Vietnam—survival of the Vietnamese—cannot be solved by force.

Sept. 19—U Thant says he will remain as secretary-general for the 21st session of the General Assembly if a successor "acceptable to all" is not found in the next few weeks.

Sept. 20—The 21st session of the General Assembly opens. Abdul Rahman Pazhwak of Afghanistan is elected to the presidency, succeeding Amintore Fanfani of Italy.

Guyana is admitted to the U.N., becoming its 118th member.

Sept. 21—On behalf of the Association of Southeast Asia, Philippine President Ferdinand Marcos asks Asian nations and the U.S.S.R. to call a conference to seek peace in Vietnam.

Sept. 22—U.S. Representative to the U.N. Arthur Goldberg delivers a major address. (See also *U.S., Foreign Policy*.)

Sept. 27—49 states ask the General Assembly to appoint a U.N. commission to replace South Africa as the administering power in South-West Africa.

Sept. 28—Indonesia resumes its seat in the U.N.; it withdrew in March, 1965.

French Foreign Minister Maurice Couve de Murville asks the U.S. to make "a new move" towards a political solution of the war in Vietnam.

War in Vietnam

Sept. 1—The U. S. command in Saigon reveals that the total of U.S. land, sea and air forces in South Vietnam is now 303,400, including 3,000 Americans who arrived in the past week.

Sept. 11—U.S. bombers fly 171 bombing missions over North Vietnam; the previous

record—156 missions—was set August 26. American and South Vietnamese air attacks on Vietcong targets in South Vietnam continue.

Sept. 24—North Vietnam and Communist China refuse to consider the U.S. plan for ending the war as outlined by U.S. Representative to the U.N. Arthur Goldberg. (See also *U.S., Foreign Policy*.)

Sept. 30—It is reported in Saigon that U.S. planes have stopped bombing attacks in the demilitarized “buffer” zone between North and South Vietnam to encourage renewed international patrolling there.

The U.S. Defense Department announces an increase to 316,000 in the total of U.S. forces in South Vietnam.

BOTSWANA

Sept. 30—Seretse Khama becomes president of the newly independent republic of Botswana, formerly the British territory of Bechuanaland.

BRAZIL

Sept. 3—State governors are chosen by the 12 state assemblies.

Sept. 10—A military court releases 36 student leaders who were arrested for “subversive” activities; a threatened university strike is avoided.

BURMA

Sept. 9—In Washington, Burmese Chief-of-State Ne Win ends two days of talks with U.S. President Lyndon Johnson; a communique expresses hope “for an early and peaceful settlement in Vietnam.” (See also *U.S., Foreign Policy*.)

CAMBODIA

(See also *France*)

Sept. 4—Chief-of-State Norodom Sihanouk declares that he will normalize Cambodia’s relations with the U.S. only if the U.S. recognizes Cambodia’s present frontiers.

Sept. 9—Cambodia charges that 2 U.S. helicopters fired on a Cambodian village September 7, killing a child and wounding two other persons. (See also *U.S. Foreign Policy*.)

Sept. 11—Elections for the national assembly

are conducted without incident; these are the 4th elections for the 82-member assembly since Cambodia became independent in 1955.

CANADA

Sept. 1—Parliament approves a bill ordering railway workers back to work to end the week-old general railway strike. Union leaders say they will comply.

Sept. 8—Finance Minister Mitchell Sharp tells the house of commons that because of inflation the government will delay for one year the introduction of a national medicare program. He discusses the possibility of higher taxes.

Sept. 23—A judicial inquiry into the security implications of the Munsinger case reports that John Diefenbaker, former Conservative prime minister of Canada, mishandled the case and should have requested the resignation of the then associate defense minister, Pierre Seigny. (See *Canada, Current History*, May, 1966, p. 310 and June, 1966, p. 368.)

CHINA, PEOPLE’S REPUBLIC OF

Sept. 4—Defense Minister Lin Piao becomes commander-in-chief of the Red Guards.

Sept. 5—Peking charges that on August 29 U.S. planes attacked 2 Chinese Communist merchant ships in the Gulf of Tonkin.

Sept. 11—An editorial in *Jenmin Jih Pao* (Peking newspaper) warns party officials and government personnel not to oppose the Red Guards.

Sept. 16—Peking charges that on September 9 2 U.S. planes attacked Chinese territory.

Sept. 18—Peking reports a clash between U.S. and Chinese aircraft in the Lungchow area bordering North Vietnam; a strong protest is sent to the U.S. (See also *U.S., Foreign Policy*.)

CONGO, REPUBLIC OF (Kinshasa)

Sept. 16—Governor of East Katanga Province Godefroid Munongo is temporarily suspended from his post and recalled to Kinshasa pending an investigation of a plot against President Joseph Mobutu.

Sept. 23—The Congolese National Army clashes with Katangese troops in Kisan-gani (formerly Stanleyville).

Sept. 25—The Kinshasa radio reports that government troops have subdued rebellious troops in Kisangani.

Sept. 26—Parliament approves legislation asking the government to break off relations with Portugal and to close all foreign consulates, in view of the “assistance afforded by some foreign countries to the enemies of the regime. . . .”

DOMINICAN REPUBLIC

Sept. 20—The Inter-American Peace Force completes its 90-day staggered withdrawal from the Dominican Republic, thus ending almost 17 months of service.

FRANCE

Sept. 1—In a speech in Cambodia, President Charles de Gaulle urges U.S. withdrawal from Vietnam. He also states that France would not necessarily align with the U.S. in a general conflagration.

Sept. 2—Ending his 3-day visit to Cambodia, de Gaulle and Cambodian Chief-of-State Norodom Sihanouk issue a joint communique, calling on foreign powers to join in a pledge of nonintervention in Vietnam’s internal affairs.

De Gaulle leaves for New Caledonia.

Sept. 7—In a speech in Tahiti, de Gaulle defends the French nuclear test program as “a certain assurance of peace” for the French community.

Sept. 11—De Gaulle witnesses the biggest French nuclear test to date in the Pacific.

Sept. 14—The government announces that France will withdraw from NATO’s Military Committee (the organization’s highest military authority) on October 1. (See also *Intl, NATO*.)

Sept. 15—In Paris, de Gaulle states that France will not obstruct French Somaliland’s desire for independence.

Sept. 20—The government announces that it will provide financial aid to some of the 18,000 nationals who have lost jobs because of the removal of NATO bases from France.

GERMANY, DEMOCRATIC REPUBLIC OF (East)

Sept. 7—The chairman of the council of state, Walter Ulbricht, announces that he will resume negotiations with West Germany’s Social Democrats on the exchange of debaters. (See *Germany, Current History*, September, 1966, p. 184.)

Sept. 10—It is disclosed that last week Ulbricht went on a secret mission to the U.S.S.R. seeking economic concessions from the Soviets.

Sept. 25—Ulbricht leaves for a state visit to Yugoslavia; this is his first official visit there.

GERMANY, FEDERAL REPUBLIC OF (West)

Sept. 1—The former air force chief, Lieutenant General Werner Panitzki, asserts that the defense ministry underplayed the criticism contained in his report on the crashes of the air force’s Starfighter planes. (See *Germany, Current History*, October, 1966, p. 249.)

Sept. 2—Lieutenant General Johannes Steinhoff replaces Panitzki as chief of the air force. Defense Minister Kai-Uwe von Hassel agrees to allow him a relatively free hand in dealing with the Starfighter problem.

Sept. 4—Willy Brandt, mayor of West Berlin and leader of the Social Democrats, calls for von Hassel’s resignation; he states that von Hassel is responsible for the August resignations of the 3 top military generals.

Sept. 6—Chancellor Ludwig Erhard announces that von Hassel will retain his office but must reorganize the defense ministry.

Sept. 13—In a move that Brandt declares is aimed at ousting Erhard, he proposes a constitutional amendment enabling the Bundestag (the lower house of parliament) to dissolve itself by a two-thirds majority.

Sept. 14—Opening parliamentary debate on the government’s economic stabilization law, Erhard promises that his government will not impose currency controls, drastic tax increases or wage and price freezes.

Sept. 15—Erhard's top aide, Ludger Westrick, offers his resignation to "ease . . . Erhard's task in making . . . cabinet changes. . . ."

Sept. 16—The defense ministry announces that on October 1, 14 top officers in the armed forces will retire and be replaced by younger officers.

Sept. 19—Erhard defends the delay in reorganizing his cabinet before a nationwide television audience; earlier he accepted Westrick's resignation.

Sept. 21—Erhard states that the Vietnamese war may necessitate a reduction of U.S. forces in West Germany and that the U.S.S.R. possibly "has no aggressive ambitions" presently. (See also *U.S., Foreign Policy*.)

Sept. 29—The cabinet approves Erhard's determined stand in his negotiations with U.S. President Johnson in the dispute over the purchases of American military equipment.

GHANA

Sept. 27—The military regime orders the Cuban embassy closed and states that Cuba, by training Ghanaians in guerrilla warfare for an invasion of Ghana, has been interfering in Ghana's internal affairs.

GUATEMALA

Sept. 9—The guerrilla rebel organization offers President César Méndez Montenegro a military truce on the condition that the "police refrain from operations against the peasantry and other sectors of the populace." (See *Guatemala, Current History*, September, 1966, p. 184.)

INDIA

Sept. 4—Prime Minister Indira Gandhi, during a radio broadcast, reiterates her pledge to renounce the use of force between India and Pakistan; she also offers "economic cooperation" with Pakistan.

Sept. 13—The ruling Congress Party discloses its platform for the February, 1967, general elections—including government control of the banks.

Sept. 14—After 2 days of talks in New Delhi

between Indian and Pakistani officials, the 2 nations agree on a withdrawal of forces from forward positions along the west and east Pakistani borders.

Sept. 22—The government approves a \$13.3-million loan to Indonesia to be used to finance imports from India.

INDONESIA

(See also *Intl, U. N.*)

Sept. 9—A special 3-man tribunal sentences to death a former cabinet minister and ally of President Sukarno, Jusuf Muda Dalam, on charges of corruption and subversive activities. He is the first of Sukarno's cabinet ministers to be tried.

Sept. 27—Foreign Minister Adam Malik, in Washington since September 22, meets President Johnson. They issue a joint communique which promises additional U.S. emergency assistance to Indonesia; the amount is not disclosed. Later Malik indicates that his country favors a halt in U.S. bombings of North Vietnam; he also states that his government is considering a role to help settle the Vietnamese war.

ISRAEL

Sept. 12—Finance Minister Pinhas Sapir discloses the cabinet's 3-year economic plan to slow the nation's rapid and uneven economic growth, which has resulted in inflation and pocket unemployment.

Sept. 20—The country's trade unions vote to curb wage demands for three years in an effort to hold down the unemployment rate.

JAPAN

Sept. 8—A representative for the parliamentary mission to Communist China reports that China continues to bar talks with the U.S. "on Vietnam."

Sept. 12—Foreign Minister Etsusaburo Shiina announces that the government will greatly increase its aid to the Afro-Asian area.

Sept. 26—A 4-stage rocket carrying a 55-pound satellite is launched; its fourth stage fails to go into orbit.

KOREA, DEMOCRATIC PEOPLE'S REPUBLIC OF (North)

Sept. 8—Vice Premier Kim Kwang Hyup

calls for a conference on unity among the participants in the Korean War; he does not say that U.N. troops must withdraw before a conference, as demanded in the past.

Sept. 18—It is reported in Moscow that North Korea has accused Peking's leaders of "Trotskyism," and has issued a thorough rebuttal of China's policies.

KOREA, REPUBLIC OF (South)

Sept. 22—Premier Chung Il Kwon and his cabinet submit their resignations because they have been insulted in the national assembly.

MALAYSIA

Sept. 19—In light of an "official" warning that an armed communist uprising threatens, parliament passes a constitutional amendment giving the governor of the Borneo state of Sarawak power to oust the state's recalcitrant chief minister, Stephen Kalong Ningkan.

MALI

Sept. 16—President Modibo Keita discharges 4 cabinet ministers and dissolves the ministry of the interior; he announces an overall reorganization of his government.

NIGERIA

Sept. 12—The head of the regime, Lieutenant Colonel Yakubu Gowon, addresses the opening session of a constitutional assembly which has gathered to determine the form of government for Nigeria. He rules out the possibility of dividing the country into independent states.

Sept. 24—Rail service in the Northern Region is halted because of a mass exodus of rail workers to the Eastern Region; most of the workers are Easterners.

Sept. 30—Widespread rioting continues in the Northern Region, where at least 100 people are killed and many injured. (See *Nigeria, Current History*, October, 1966, p. 252.)

PHILIPPINES

(See also *Intl, U.N., and U.S., Foreign Policy*)

Sept. 13—President Ferdinand Marcos begins a state visit to the U.S.

Sept. 28—Marcos leaves for a 6-day state visit to Japan.

POLAND

Sept. 29—The government for the first time openly supports the Soviet Union in the dispute with Communist China; First Secretary Wladyslaw Gomulka says Poland fears that China's attacks on the U.S.S.R. will lead to an irreparable break.

RHODESIA

Sept. 9—The high court rules that Prime Minister Ian Smith's regime is not lawful unless Britain recognizes it, but that it is now the only "effective" government. It also rules the 1965 constitution illegal; the judges must enforce the 1961 constitution.

Sept. 15—Smith states that there will be no surrender by his regime to the terms of British Prime Minister Harold Wilson's ultimatum. (See also *United Kingdom, Great Britain*, September 14.)

Sept. 19—Smith tells the assembly that his government is not ready to proclaim Rhodesia a republic.

Sept. 21—Smith, Commonwealth Secretary Herbert Bowden and British Attorney General Elwyn Jones end 2 days of talks; no details are given.

Sept. 23—Smith tells his party, the Rhodesian Front, that he is prepared to continue talks with Britain.

Sept. 26—Rhodesia Railways takes control of the rail line through Bechuanaland, making it easier to prevent any disruption of service on the line, which is vital to Rhodesia.

RUMANIA

Sept. 2—Premier Ion Gheorghe Maurer and Greek Premier Stephanos Stephanopoulos end their talks in Athens with 7 agreements on communications, trade and cultural relations; agreement is also reached on Rumanian compensation for Greek property nationalized in Rumania.

Sept. 7—Foreign Minister Corneliu Manescu ends a 3-day visit to Italy; he is reported to have stressed the development of direct relations between East and West Europe.

SINGAPORE

Sept. 7—Prime Minister Lee Kuan Yew urges African members of the British Commonwealth to give the sanctions against Rhodesia a last chance before taking action outside the Commonwealth.

Sept. 10—Singapore and Indonesia renew trade after a 3-year break resulting from the Indonesian-Malaysian confrontation. Singapore will grant \$150 million (Malaysian) in private commercial credit to Indonesian traders.

SOUTH AFRICA

Sept. 2—Prime Minister Hendrik Verwoerd meets with Basutoland's Premier Leabua Jonathan—the first time a prime minister has met in South Africa with a black African state's leader. They issue a joint communique stating neither will interfere in the other's domestic matters.

Sept. 6—Verwoerd is assassinated in parliament by Dimitri Stifanos, a white South African serving as a temporary parliamentary messenger.

Sept. 7—To dispel theories of conspiracy, Minister of Justice Balthazar Vorster issues a statement saying "present information indicates that [the assassination] was the deed of one individual. . . ."

Sept. 13—A 164-member parliamentary caucus of the Nationalist Party unanimously chooses Vorster to succeed Verwoerd; he proclaims he "will walk further along the road set by . . . Verwoerd."

Sept. 19—Minister of the Interior P. M. K. Le Roux introduces a bill to abolish multi-racial political parties.

SPAIN

Sept. 16—Copies of the Catholic Action's newspaper *Signo* are confiscated by order of the ministry of information and tourism; this is the 2d time copies of this publication have been removed from circulation.

Sept. 26—Workers and employers begin voting for secondary posts in the state-controlled labor unions; the elections will continue until January 11, 1967. The unions' top political leadership is appointed by the regime.

Sept. 28—The cabinet postpones presentation of an expected succession plan because of disagreement within the regime on important provisions.

SWEDEN

Sept. 18—The Social Democrats (ruling party for over 20 years) lose heavily in nationwide local elections, gaining only 42 per cent of the vote.

SYRIA

Sept. 6—The leftist Baath regime announces that it has foiled a plot, led by the founders of the party, to overthrow their government.

Sept. 8—The government imposes a curfew, warning the people that counterrevolutionary forces are trying to seize control of the government.

Baath Party officials report that there have been many civilians and army officers arrested in the past week.

Sept. 9—The party lifts the curfew and states that the cause of the crisis was a schism between the rulers and Colonel Salim Hatoum. The party charges that he and his allies had planned to seize government buildings last night.

Hatoum is arrested.

THAILAND

(See also *Intl, U.N.*)

Sept. 26—Foreign Minister Thanat Khoman states that his country would like to resume relations with Cambodia, which were broken 5 years ago.

U.S.S.R., THE

(See also *Intl, U.N.*)

Sept. 1—The government rejects U.S. President Johnson's appeal for new East-West "acts of common endeavor" as hypocritical in view of the Vietnamese war.

Sept. 16—An article in *Pravda*, the Communist Party newspaper, gives a detailed report of the activity of the Chinese Red Guards and denounces their action as extreme.

Sept. 20—A Soviet newspaper, *Literaturnaya Gazeta*, urges that legal procedures be revised to enhance the authority of lawyers

and to allow them to defend the accused more vigorously.

Sept. 22—General Secretary Leonid Brezhnev goes to Yugoslavia for a 3-day visit on the invitation of President Tito.

Sept. 25—According to Soviet foreign trade statistics, Soviet exports to North Vietnam have risen sharply since the U.S. started bombing there in early 1965.

Sept. 26—It is reported that Deputy Foreign Minister Nikolai Firyubin is making an unscheduled visit to Pakistan; he meets with President Mohammad Ayub Kahn after an unannounced 3-day trip to India, where he met with Prime Minister Indira Gandhi.

UNITED ARAB REPUBLIC

Sept. 6—The state supreme security court sentences 116 members of the banned Muslim Brotherhood to prison; 8 members receive life sentences. (See *United Arab Republic, Current History*, October, 1966, p. 253.)

Sept. 10—A new cabinet of 28 ministers is formed under Premier Mohammed Sidky Soliman; Zakariya Mohieddine's cabinet's resignation was accepted yesterday by President Gamal Abdel Nasser.

Sept. 13—It is reported that the cabinet reorganization was the result of a high-level dispute over economic relations with the West and demands for economic reform. Nasser reportedly rejected a suggestion by the International Monetary Fund that he impose an austerity program, although this suggestion was supported by some members of the former cabinet.

UNITED KINGDOM

Great Britain

Sept. 2—Top-level officials state that the government is firm in its determination to withdraw its NATO troops from West Germany unless there is a way to defray the cost of maintaining them there.

Sept. 5—Prime Minister Harold Wilson cautions the Trades Union Congress that labor must support the wage freeze or risk a depression with 2 million unemployed.

Sept. 6—In his opening speech to the meeting of Commonwealth prime ministers in

London, Wilson urges Zambia to end her trade with Rhodesia; in return a major Commonwealth effort (including an airlift) will help Zambia.

Sept. 9—Government officials announce that Britain has sold a nuclear research reactor to Rumania.

Sept. 13—It is reported that at least 13 of the 22 delegates to the Commonwealth ministers conference have rejected Wilson's series of proposals on Rhodesia. Zambia calls home its chief delegate, Foreign Minister Simon Kapwepwe.

Sept. 14—The conference issues a communique disclosing a new British policy toward Rhodesia; Rhodesia must end its rebellion by the end of 1966 or Britain will withdraw all previous proposals and will not agree to independence until Rhodesia provides majority African rule.

Sept. 15—Conservative Party leader Edward Heath denounces the new ultimatum on Rhodesia as likely to be ineffective.

Sept. 18—Commonwealth Secretary Herbert Bowden and Attorney General Elwyn Jones leave for Rhodesia to confer with Smith.

Sept. 20—The government authorizes the first breach in the pay freeze by allowing a pay raise for 3,320 shipbuilding workers.

Sept. 21—It is reported that Britain favors a U.N. move to ask the International Court of Justice for a new advisory opinion on apartheid in South-West Africa. (See *Intl, World Court, Current History*, September, 1966, p. 181.)

Sept. 26—Six hundred workers from the British Motor Corporation strike, protesting their employers' plans to lay off half of them.

BRITISH TERRITORIES

Bechuanaland

(See *Botswana*)

UNITED STATES

Civil Rights

Sept. 1—Some 1,000 national guardsmen are called to duty to calm racial disorder after a Negro is shot in Dayton, Ohio.

Sept. 4—At least 12 persons are injured when hecklers try to break up an open housing

demonstration march in Cicero, Illinois; national guardsmen with bayonets protect the marchers.

Sept. 9—Alabama Governor George Wallace warns that Alabama schools that have desegregated their faculties without a federal court order are violating state law, and must reassign Negro teachers to schools of their own race.

Sept. 13—The Department of Justice sues officials in Grenada, Mississippi, to force them to protect Negro children from whites who oppose school integration; yesterday, and again today, a crowd of whites beat Negro children attending a newly-integrated school in Grenada while local officials watched without taking action.

Sept. 20—Some 300 prominent white citizens of Grenada publicly pledge "all of our influence to the support of law and order" and condemn the white violence against Grenada's Negro schoolchildren.

Sept. 27—Ku Klux Klansman Eugene Thomas is acquitted of murder in the March, 1965, shooting of civil rights worker Viola Gregg Liuzzo, by a jury of 8 Negroes and 4 whites.

Sept. 29—After 2 nights of racial rioting, San Francisco police take over subdued areas from national guard troops in San Francisco.

Economy

Sept. 1—In a letter to all federal reserve banks, the Federal Reserve Board warns them to slow the expansion of their loans to business.

Sept. 8—The President asks Congress to suspend tax incentives for business investment in equipment and construction for 18 months.

Sept. 20—President Johnson announces that the government plans to sell high interest savings notes to the public to help pay for the war in Vietnam and to curb inflation.

The Ford Motor Company announces price increases on its 1967 car models; the average price increase is estimated at \$112.

Sept. 21—In accord with a new law signed today, the administration acts to set ceil-

ings on interest rates paid by savings and loan associations and banks.

The Chrysler Corporation announces price increases on its 1967 models; the average price increase, termed a "weighted average," is estimated at \$92, or 3.2 per cent.

Figures released by the Treasury indicate that the cost of the war in Vietnam has reached \$1.2 billion monthly.

Sept. 22—The Labor Department reports a rise of .5 of a point in the August Consumer Price Index, to 113.8.

General Motors raises prices on its 1967 automobile models an average of \$54 a car.

Sept. 23—President Lyndon B. Johnson asks state and local governments to help fight inflation by delaying sales of bonds for highways, schools and other construction; in the first of a series of meetings on inflation with state governors, the President confers with 7 governors at the White House.

Sept. 27—To compete with General Motors, the Chrysler Corporation cuts its price increase approximately \$24 per car; yesterday Ford cut its price approximately \$41 per car.

Foreign Policy

Sept. 5—Speaking in Michigan and Ohio, President Johnson says the U.S. will offer a timetable for troop withdrawal from Vietnam when a comparable Communist timetable is made public.

Sept. 8—Burmese Chief-of-State Ne Win is greeted by President Johnson in Washington. (See also *Burma*.)

Sept. 14—President Johnson introduces reporters to his new aid director in Saigon, Donald MacDonald.

Sept. 15—After 2 days of talks, President Johnson and Philippine President Ferdinand E. Marcos issue a joint communique describing a new program of increased U.S. aid to the Philippines.

Sept. 16—The U.S. and the Philippines sign an agreement setting a new limit of 25 years on the U.S. right to retain Philippine bases.

Sept. 19—The State Department says that U.S. planes may have intruded into China's air space twice in September; regret is expressed. (See also *China*.)

After 17 months of peacekeeping duty, the last U.S. troops leave the Dominican Republic.

Sept. 22—In an address to the U.N. General Assembly, U.S. Representative to the U.N. Arthur Goldberg proposes a step-by-step deescalation of the Vietnamese war, starting with a halt in U.S. bombing of North Vietnam when the U.S. is "assured" steps will be taken for a corresponding reduction of the North Vietnamese war effort.

Sept. 23—The U.S. expresses regret for any loss of life or property in what Cambodia has charged was a U.S. helicopter raid on a Cambodian army post September 21. (See also *Cambodia*.)

Sept. 27—President Johnson formally accepts an invitation to confer on Vietnam in Manila in October with Asian allies of the U.S.—South Vietnam, the Philippines, South Korea, Thailand, Australia and New Zealand.

In the second day of talks in Washington, President Johnson and West German Chancellor Ludwig Erhard agree to conduct a "searching reappraisal" of West European defense needs and costs.

State Department officials disclose that the U.S. has agreed to sell Saudi Arabia \$100 million in vehicles to help in the modernization of its army.

Sept. 28—Senegal's President Leopold S. Senghor arrives in Washington on an 8-day official visit.

Government

(See also *Economy*)

Sept. 7—The President signs a \$13.9 billion appropriations bill that includes a \$22 million appropriation for a rent supplement program.

Sept. 8—President Johnson signs the Urban Mass Transportation Act of 1966 and names Leo J. Cusick, an official of New York City's Transit Authority, to direct the program.

Sept. 9—The President signs laws requiring car manufacturers to conform to minimum federal safety standards and encouraging states to develop more effective traffic programs. He names William Haddon, Jr., to be administrator of the National Traffic Safety Agency set up by the legislation.

It is announced in Washington that Brandeis Professor John P. Roche will replace Princeton Professor Eric Goldman as special consultant to the President; Goldman's resignation was announced September 7.

Sept. 12—President Johnson signs a \$1,005,842,000 authorization bill for military construction, although he objects to the requirement that Congress must be notified before a military base can be closed.

The President vetoes a bill providing some \$90 million in life insurance coverage for congressmen and other federal employees.

Sept. 14—The Senate votes 54 to 42 against a motion to cut off a filibuster against the civil rights bill of 1966.

Sept. 19—For the second time in a week, the Senate refuses to end a filibuster on proposed civil rights legislation; the measure will automatically die when Congress adjourns, although it passed in the House in August.

Sept. 20—President Johnson names Vice Admiral Rufus Taylor as deputy director of the Central Intelligence Agency, succeeding Richard Helms, who is now director.

Sept. 21—The President signs an interest rate control bill giving federal agencies the authority to set ceilings on interest rates offered by banks and savings and loan associations. (See also *U.S., Economy*.)

Attorney General Nicholas deB. Katzenbach is named by the President as under secretary of state, replacing George W. Ball. Eugene V. Rostow is named under secretary for political affairs; Roy D. Kohler is named as deputy under secretary for political affairs.

Sept. 22—Voting 27 to 1, the House Educa-

tion and Labor Committee takes from Chairman Adam Clayton Powell his authority to act alone in matters of substance, such as delaying action on legislation in committee.

Sept. 23—President Johnson signs a new 2-step minimum wage law raising the minimum to \$1.40 an hour February 1, 1967, and to \$1.60 an hour in 1968. The new legislation will cover an additional 8 million persons, including 390,000 farm workers.

Military

Sept. 22—Secretary of Defense Robert McNamara announces that planned production of fighter and fighter-bomber aircraft for fiscal 1968 will increase approximately 30 per cent.

Politics

Sept. 30—Segregationist Lester Maddox defeats former Governor Ellis G. Arnall, a racial moderate and "New Deal Democrat," in a runoff primary for the Democratic nomination for governor of Georgia.

Science and Space

Sept. 15—Gemini 11 lands safely by computer after a 3-day flight.

Sept. 21—Surveyor 2, a television-bearing spacecraft, spins out of control on the second day of its flight toward the moon.

VATICAN

Sept. 19—In a 1,700-word encyclical letter to all Catholics, Pope Paul VI appeals to those involved in the Vietnamese war "in God's name to stop."

Sept. 28—Pope Paul VI's special emissary to Vietnam arrives in Saigon with "a message of charity, of friendship and collaboration"; he describes his mission as purely religious.

VIETNAM, REPUBLIC OF (South)

(See also *Intl, War in Vietnam*)

Sept. 2—Chief-of-State Nguyen Van Thieu says he will not be available as a presidential candidate in elections planned for 1967.

Sept. 11—Elections for a 117-member constituent assembly are held.

Sept. 12—The government announces that 80.8 per cent of the nation's registered voters cast their ballots in yesterday's election of an assembly to draw up a new constitution. Ten of the 117 winners are military officers.

Sept. 16—Buddhist leader Thich Tri Quang ends a 100-day hunger strike protesting the policies of the Ky government; Thich Tam Chau, formerly head of the Buddhist Institute, returns to Saigon from "sick leave," confers with Tri Quang, and communicates with other Buddhist leaders. (See *Vietnam, Current History*, September, 1966, p. 192.)

Sept. 17—Premier Nguyen Cao Ky pledges a "social revolution" and a transition to a fully democratic government.

YEMEN

Sept. 16—President Abdullah al-Salal accepts the resignation of members of the republican council and of Premier Hassan al-Amri's cabinet.

Sept. 18—Al-Salal forms a new government; he assumes the post of premier, as well as remaining president. He names a pro-Egyptian cabinet.

YUGOSLAVIA

Sept. 4—President Tito calls for a "top-to-bottom" reorganization of the Yugoslav Communist Party because the party has "lost influence and significance."

Sept. 14—The Central Committee of the Serbian Communist Party begins a 2-day meeting to purge leaders associated with ousted Vice-President Aleksandar Rankovic.

Sept. 23—The Zadar district court sentences Mihajlo Mihajlov to a year in prison after a 2-day trial. (See *Yugoslavia, Current History*, October, 1966, p. 256).

ZAMBIA

(See *United Kingdom, Great Britain*)

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